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SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1917.

No. 393.

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING  
COMPANY, PETITIONER,

vs.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY  
AND CURTIS MARINE TURBINE COMPANY OF THE  
UNITED STATES.

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT  
OF APPEALS FOR THE THIRD CIRCUIT.

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*a* United States Circuit Court of Appeals for the Third Circuit,  
March Term, 1916.

No. 2126.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY et al.

VS.

WILLIAM CRAMP & SONS SHIP AND ENGINE BUILDING COMPANY.

*Transcript of Record Sur Petition for a Writ of Certiorari or  
Mandamus.*

*b* In the District Court of the United States for the Eastern  
District of Pennsylvania.

*(Balance of Docket Entries in the Case of International Curtis  
Marine Co. vs. Cramp, No. 263.)*

1912, May	3.	Transcript of record sur appeal transmitted to Clerk of U. S. C. C. of Appeals.
1914, April	15.	Mandate received from U. S. C. C. of Appeals reversing the decree of this Court with costs and filed.
May	1.	Decree on Mandate of U. S. C. C. of Appeals filed.
1915, March	22.	Certificate of question by Master for determination by the Court filed.
May	20.	Argued sur certified question of Master.
July	2.	Opinion, Thompson J., allowing defendant's motion to exclude evidence filed.
	13.	Order granting defendant's motion to exclude certain evidence filed.
	20.	Plaintiff's petition for rehearing of defendant's motion to exclude evidence before Master filed.
		Order directing filing of plaintiff's petition for rehearing of defendant's motion to exclude evidence before Master and allowing Defendant ten days to answer filed.
1916, February	8.	Notice of motion by plaintiff for order fixing date of hearing of argument on question certified to Court by Master filed and affidavit of Charles Neave in support thereof filed.
	9.	Notice of motion by plaintiff for order fixing date of hearing of argument on question certified to Court by Master and affidavit of Charles Neave in support thereof filed.

March 21. Reargued sur certified question of Master.  
 21. Opinion, Thompson J., overruling action of  
 Special Master in overruling defendant's  
 objections and sustaining defendant's objec-  
 tion without prejudice &c., filed.

1 District Court of the United States, Eastern District of Penn-  
 sylvania.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS  
 MARINE TURBINE COMPANY OF THE UNITED STATES, Complain-  
 ants,

against

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY,  
 Defendant.

*Interlocutory Decree After Mandate.*

A decree having been entered herein on April 12, 1912, ordering that the Bill of Complaint be dismissed, and an appeal having been taken to the Circuit Court of Appeals for the Third Circuit, and the Mandate of said Court having been received and filed in this Court, now, in accordance with said Mandate, it is Ordered, Adjudged and Decreed

1. That the decree entered herein on April 12, 1912 is hereby set aside in so far as it relates to patent No. 566,969 granted to Charles G. Curtis on September 1, 1896.

2. That the said patent No. 566,969 is a good and valid patent and that the complainants are the lawful and exclusive owners of said patent.

3. That the defendant has infringed upon the complainants' exclusive rights under said patent as defined in claims 1, 2, 3,  
 2 4, 5, 6, 8, 9 and 11 thereof.

4. That the complainants do recover of the defendant the profits, gains and advantages derived, received or made by it by reason of said infringement, and any and all damages which the complainants, or either of them, have sustained by reason of the said infringement, and it is hereby referred to Hector T. Fenton, Esq., on account of his special fitness and experience, as a Master of this Court, to take and state the account of said profits, gains, advantages and to assess such damages and to report thereon with all convenient speed; and the defendant and its attorneys, officers, directors, clerks, servants and workmen are hereby directed and required to attend before said Master from time to time as required, and to produce before him such books, papers, vouchers and documents and to submit to such orders and oral examinations as the Master may require.

5. That the complainants do recover of the defendant their costs and disbursements in the Circuit Court of Appeals as specified

in said Mandate and that the matter of the costs in this Court be left until the coming in of the Master's report.

6. That the question of increase of damages and all other questions be reserved until the coming in of the Master's report.

3 J. W. THOMPSON, *Judge*.

May 1st, 1914.

Approved as to form.

C. V. EDWARDS,  
*Counsel for Defendant.*

C. BRADFORD FRALEY,  
*Counsel for Complainant.*

April 30, 1914.

(Endorsed:) Box 5. 263, April Sess., 1909. District Court of United States, Eastern District of Pennsylvania. International Curtis Marine Turbine Company and Curtis Marine Turbine Company of the United States, Complainants, against William Cramp & Sons Ship & Engine Building Company, Defendant. Decree after Mandate.

Filed May 1, 1914. Wm. W. Craig, Clerk, by L., Deputy Clerk.

4 United States District Court, Eastern District of Pennsylvania, April Term, 1909.

In Equity.

No. 263.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY et al.

vs.

WM. CRAMP & SONS SHIP & ENGINE BUILDING CO.

*Sur Accounting before Master under an Interlocutory Decree, in Usual Form, Adjudging Infringement and Recovery of Profits and Damages.*

The Master has been requested by Counsel for defendant to certify this portion of his Minutes to the Court, to enable the defendant to obtain the opinion and direction of the Court, on the question involved, at this stage of the proceedings. While such a course is unusual and justifiable only under peculiar circumstances, the Master consents to do so, because the question is purely one of law, the decision of which would not be affected by the taking of additional testimony, and also because the taking of an account of profits on the engines of the four vessels built under these four contracts would necessarily involve much labor and expense to all

concerned, which would be avoided if the conclusion reached by the Master is erroneous.

Respectfully submitted,

HECTOR T. FENTON, *Master*.

March 18, 1915.

Pages 39 & 40 of Master's Minutes.

In the District Court of the United States for the Eastern District of Pennsylvania, April Term, 1909.

Equity.

No. 263.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES, Complainants,

vs.

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY, Defendant.

Master's meeting held pursuant to adjournment at the office of Fraley and Paul, 1815 Land Title Building, Broad & Chestnut Street, Philadelphia, on Tuesday, October 27th, 1914, at 11 o'clock A. M.

Present: Hector T. Fenton, Esq., Master; C. Bradford Fraley, Esq., and W. G. McKnight, Esq., for Complainants; Abraham M. Beitler, Esq., and Clifton B. Edwards, Esq., for Defendant.

Examination of Harry W. Hand by Mr. McKnight for complainants continued.

Mr. Edwards: Defendant's counsel at this point objects to any inquiry into any transaction under the contracts for torpedo boat destroyers Nos. 47, 48, 49 and 50, on the ground that the contracts relating thereto were entered into in 1911, and all acts thereunder were subsequent thereto. On June 25, 1910 the United States, by act of eminent domain, acquired a license to use the inventions of all existing patents, and, therefore, the transactions under the contracts for torpedo boat destroyers Nos. 47, 48, 49 and 50, being merely the building of devices for a license under the patent in suit, were licensed transactions and not infringing transactions, and consequently are not within the scope of this accounting.

The Master: Decision on the objection will be reserved until after the conclusion of the present session.

Pages 64 and 65 of Master's Minutes.

Mr. McKnight: Complainant now offers in evidence contracts between the Government and the defendant company, each dated

September 7th, 1911, for the construction of torpedo boat destroyers Nos. 47 and 48, together with the drawings and plans and specifications referred to therein and forming a part thereof, and the proposal prepared by the defendant and submitted to the Government in connection with each of said contracts. I believe it has now been established by the testimony that the turbine engines installed in these ships were built in accordance with the proposal, drawings, plans and specifications forming a part of these contracts, and that such turbine engines were substantially completed prior to the expiration of the patent in suit, and that, therefore, under the previous ruling of the Master, said contracts, and other specified documents are now admissible in evidence. I, therefore, also offer in evidence the official trial reports with respect to the trials of these two torpedo boat destroyers, which Mr. Hand stated he had in his possession and produced in response to the subpoena served upon him.

Mr. Edwards: The documents referred to are objected to as irrelevant, immaterial and incompetent. Contracts on their face are subsequent to the passage of the Act of June 25, 1910, upon which date the Government acquired a license to use the invention of the patent in suit, and consequently the making of these devices upon the order of the Government could not constitute an infringing transaction.

8 The Master: Subject to that part of the objection which is a reiteration of the objection stated at the beginning of this session, counsel on both sides will be heard at the next session on the admissibility of the papers in evidence, on the general objection to them by defendant's counsel, namely, as to whether or not the evidence shows a substantial completion of the turbines prior to the expiration of the patent, and whether or not they are sufficiently identified by the stipulated exhibit, Complainant's Exhibit No. 5, as responding to the claims of the patent suit; and this applies to the drawings, plans and specifications forming part of the said contracts. In regard to the objections made by Mr. Edwards, defendant's counsel, stated on the record at the beginning of this session, based on the Act of Congress of June 25, 1910, quoted and considered in *Crozer versus Krupp*, 224 U. S., 290; and which objection goes to the claimed right of complainant to have included in this accounting the profit, if any, accrued to defendant from the contracts for the construction by it of vessels Nos. 47, 48, 49, and 50, in respect of the turbine engines installed thereon, the Master will be pleased to hear argument by the respective counsel in support of and against the objection at the next session.

Adjourned until Friday November 6, 1914, at 10:30 A M.

9 Pages 66 and 67 of Master's Minutes.

Master's meeting held pursuant to adjournment at the office of Fraley and Paul, 1815 Land Title Building, Broad and Chestnut Streets, Philadelphia, Friday, November 6, 1914, at 11:30 o'clock A. M.

Present: Hector T. Fenton, Esq., the Master; C. Bradford Fraley, Esq., and W. G. McKnight, Esq., for Complainants; Abraham M. Beitler, Esq., and Clifton B. Edwards, Esq., for Defendant.

Mr. Edwards on behalf of the defendant makes an oral argument in support of his objection appearing on pages 39, 40, 64 and 65 of the Record.

Mr. McKnight on behalf of the complainants makes oral argument in reply to Mr. Edward's contention.

The Master reserves consideration of the matter of the objection until the next meeting.

Adjourned to Friday, November 13, 11 o'clock A. M.

Master's meeting called pursuant to notice and held at 1815 Land Title Building, November 20, 1914, at 11 o'clock A. M.

10 Present: Hector T. Fenton, Esq., Master; C. Bradford Fraley, Esq., and W. G. McKnight, Esq., for the Complainant; Clifton B. Edwards, Esq., for the Defendant.

The Master announced that he had drafted an opinion containing his ruling on the objections made at the session of October 27th, 1914, and each of the counsel submitted further argument for and against the objections referred to, and finally suggested that the Master hear further argument from the respective parties, which, by consent, was agreed to, and adjournment had until Tuesday, November 24th, 1914, at Mr. Fenton's office, 705-13 Witherspoon Building, Philadelphia, Pa., at 2:15 P. M.

11

*Memorandum.*

November 20, 1914.

By the Master: Considering the objections interposed by defendants at the previous session of October 27, 1914, against the inclusion in this accounting of the profits, if any, derived by defendants from the construction for the Government of turbine engines for the vessels built under contracts Nos. 47, 48, 49 & 50, the admissibility in evidence, of these contracts will depend in the first instance, upon the sufficiency of the evidence offered and that may be offered to establish the substantial identity of the engines in question with the subject matter of the adjudicated claims, and also to show their substantial completion prior to the expiration of the Patent sued on, by which is meant a completion to an extent which would entitle the contractor to one or more partial payments, on account thereof, under the terms of the contract. It is thought the complainant is entitled to show this, if it can.

The remaining objection goes to the whole claim, in respect of the engines built by defendants under these four contracts, and is based on the theory that the Act of Congress of June 25, 1910, vests in the Government a right of eminent domain as respects any patent monopoly the subject matter of which it may thereafter, see fit



to make use of for Government purposes, and relegates the patentee to his action in the Court of Claims to recover compensation for his property right so invaded. This is the meaning of that statute as defined in *Crozer vs. Krupp*, 224 U. S. 290. That statute in effect vests in the Government, a compulsory license, by operation of law, evidenced by some act or acts of the Government which, in the case of an individual person would amount to an infringement of the Patent, and manifestly this may consist of a tortious making, or a using, or a vending, these being separable rights comprising the monopoly, as held in numerous decisions, more recently in *Bauer vs. O'Donnell*, (commonly known as the *Sanatogen* case) 229 U. S. 1, wherein each of these rights, of which the patent monopoly consists, was defined, and each distinguished from the other.

The statute of June 25, 1910, authorizes such a compulsory license or taking, by the Government, of any "invention described in and covered by a patent \* \* \* (which shall hereafter be used by the United States," and this language is broad enough to include a right to make as well as a right to use; but the act of taking is not necessarily of both these separable and distinct rights, and although the former would ordinarily include the latter, the converse is not true. The character and extent of the taking, under the right of eminent domain given by the statute, and for which the Government is liable to be summoned to make compensation in the Court of Claims, is to be ascertained precisely as would be the infringing act of an individual person which if it consisted merely in the unlicensed use of an infringing structure made by another person, he certainly would not be adjudged to have infringed the patentee's exclusive right to make, or his like right to vend, nor be held to account for the profits accrued to him who committed the infringing act of making, even perhaps if there be privity of relation between them, certainly in the latter case it would be a joint liability of both for both sources of profit or damage. Nor is it possible to hold that the relation of principal and agent existed between the infringing maker and the infringing user of the machine, based merely on a contractual relation between them for effecting the infringing acts; more especially if the contract between them disclosed that the profit or advantage from the making and that from the using accrued to and was received by the respective tort feorsors in their individual right.

Such seems to me to be the logical and legal conclusion from the analogous facts in the case at bar. The taking by the Government under its right of eminent domain, if there was any in this case, was a taking for use, and its liability to make compensation in the Court of Claims is limited to that; indeed it might plead in bar a recovery against the infringing maker in respect of other than nominal damages, as is often the case in suits for infringement against both maker and user, of the same article, where a substantial recovery has been had against the former.

The objection of the defendant that the Statute of June 25, 1910 operates to exclude from this accounting the profits, if any, made by



- 14 defendants for building the turbine engines, under Contracts 47, 48, 49, 50, if the claim be otherwise made out, is therefore overruled.

An exception to defendants is noted on the record.

Meeting March 2, 1915, 11 A. M.

Present: Mr. McKnight for Complainants; Mr. Edwards for defendant.

By the Master: Since the foregoing decision of the Master entered on the Minutes of November 20, 1914, a reargument has been had, both orally Nov. 27/14 and by brief Dec. 1/14 of the questions arising on the defendant's objections to the inclusion in the accounting of any profits arising on any acts of alleged infringement in building and supplying to the Government, of four torpedo boat destroyers, containing turbine engines, under the contracts Nos. 47, 49, 49 and 50 dated September 7, 1911 and hence made since the enactment of the Court of Claims statute of June 25, 1910, and prior to the expiration of the Patent in suit, on Sept. 1, 1913.

The very able brief submitted by the respondent's counsel has been most carefully considered, but it does not convince the Master that his original ruling was erroneous.

The contention of defendant was that the Government having exercised its right of eminent domain, by determining to build vessels containing the patented turbine engines, and awarding a contract therefor, with specifications in detail, because, in fact, a licensee of the right to make, use and sell, and liable, because of such act, to  
15 respond to the plaintiff patentee in the Court of Claims, under the enabling statute of June 25, 1910, it was immaterial that it did not make the engines, in its own navy yards, (as in Crozer vs. Krupp) but contracted with defendant, the Cramp Ship & Engine Co. to build them. The latter was an independent contractor and presumably derived a profit on its manufacture, under the contract, of the turbine engines constituting a part of the vessel contracted for. The patent grant is of the exclusive right to make, to use and to sell. These are several substantive and segregable rights. 229 U. S. 1. A defendant who infringes only the exclusive right of use, cannot logically nor legally be held to account for the profit which has accrued to the defendant who has infringed only the exclusive right to make the article which the former has bought from him. This would doubtless be the Answer of the Government if the present plaintiff sued in the Court of Claims and sought to include the profits of manufacture in the assessment of damages; supplemented by a statement of incontrovertible facts (1) that it did not infringe the exclusive right to make the infringing engines, (2) that it had paid to the infringing manufacturer the whole price demanded by the latter for the infringing article including presumably a profit thereon over cost of manufacture. The theory on which accounting in equity for patent infringement is based is that the

infringer is a trustee of such profit as he thus unlawfully acquired; and if, in this case any part of the moneys paid to the defendant, under the contracts for the building of the vessels in question, included a profit to defendant on the turbine engines it built for and installed in such vessels, it is properly liable to account therefor under the decree in this case. Since this matter was originally argued before the Master, the decision of the District Court for this district, in *Firth Steel Co. vs. Bethlehem Steel Co.*, 216 Fed. 755 (762) has been announced and published, and it is thought that it governs the question under consideration here. As remarked by Judge Dickinson in the case last cited, the defendant there as here was an independent contractor who constructed the alleged infringing device for profit and at his own risk. There, as here, the action was against the contractor, not against the Government. In respect of the liability of the contracting manufacturer it was not of the slightest materiality that the purchaser and user of the alleged infringing article was the Government and not a private individual, the sole difference being that the latter as an independent tortfeasor in violating the patentee's exclusive right of use, would be liable to injunction as well as damages, while the former, being invested by the Act of June 25th, 1910, with a license, compulsory as against the patentee, would be liable to answer to the latter in the Court of Claims for the value of such compulsory license; in ascertaining which, the extent and character of the right taken, by way of eminent domain, would govern the measure to be applied in assessing its value, and by no possibility could such measure include the profit due to the manufacturer of the article.

17 Nothing short of considering the Government as the principal and the contracting builder as merely its agent, for the purpose, would justify the defendant's contention, and this would be impossible in view of the Contract in evidence.

(Endorsed:) Box 5. 263, April Sess., 1909. *International Curtis Intrnational Turbine Co. v. Wm. Cramp & Son- Ship & Engine Bldg. Co.* Certificate of Master.

Filed Mar. 22, 1915. Wm. W. Craig, Clerk, by L., Deputy Clerk.

18 In the District Court of the United States for the Eastern District of Pennsylvania.

In Equity. No. 263.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES

VS.

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY.

Upon Defendant's Motion to Exclude Evidence Before the Special Master.

THOMPSON, J.:

In the case of Firth Sterling Steel Company against Bethlehem Steel Company, 216 Federal Reporter, 755, this Court in an opinion by Judge Dickinson has held that:

"The right of action given by the Act of 1910 against the government does not grant immunity to any private trespasser upon the rights of patentees."

In that case the defendant was manufacturing projectiles for the government which it was held infringed plaintiff's patent. Upon appeal it was held by the Circuit Court of Appeals that the claims of the patent which it was alleged were infringed were invalid. The question here raised was, therefore, not decided by the Appellate Court. In view of the importance of a final decision of the question here presented, and the desirability of expediting its decision, we are

of the opinion that the ruling of the Master in admitting in  
19 evidence defendant's contracts #47, 48, 49 and 50, with the United States should be overruled without prejudice to the right of the plaintiffs to proceed by separate bill, if they be so advised, in order to determine their right to recover from the defendant the profits accruing to it through its alleged infringing acts under the contracts in question and without prejudice to their right to raise any question, upon the issues here presented in the Court of Claims.

The defendant's motion to exclude the evidence before the Master is allowed accordingly.

(Endorsed:) 263. 5 A 09. In Equity. U. S. D. C., E. D. of Pa. International Curtis Marine Turbine Co. of the United States vs. Wm. Cramp & Sons Ship & Engine Building Company. Opinion, Thompson, J.

Filed Jul. 2, 1915. Wm. W. Graig, Clerk, by L., Deputy Clerk.

20 District Court of the United States, Eastern District of Pennsylvania.

In Equity.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS  
MARINE TURBINE COMPANY OF THE UNITED STATES, Plaintiffs,

vs.

WILLIAM CRAMP AND SONS SHIP AND ENGINE BUILDING COMPANY,  
Defendant.

*Order.*

Now on this 13th day of July, 1915, it is

Ordered, adjudged and decreed that the ruling of Hector T. Fenton, Esq., the Master appointed herein to take an account of profits and damages, admitting in evidence contracts for torpedo boat destroyers Nos. 47, 48, 49 and 50, between the defendant herein and the United States, is overruled without prejudice to the right of the plaintiffs to proceed by separate bill and without prejudice to plaintiffs' right to raise in the court of claims any question upon the issues here presented; and it is further

Ordered that the defendant's motion to exclude said evidence before the Master is hereby granted.

J. W. THOMPSON,

*U. S. District Judge.*

21 (Endorsed:) 263. International Curtis Marine Turbine  
Co. v. Cramp. Order of July 13, 1915 granting motion to  
exclude certain evidence.

Filed Jul- 16, 1915. Wm. W. Craig, by L., Deputy Clerk.

22 District Court of the United States, Eastern District of Pennsylvania.

In Equity. No. 263.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY et al., Plaintiffs,

vs.

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY,  
Defendant.

*Petition for Rehearing.*

Your petitioners, International Curtis Marine Turbine Company and Curtis Marine Turbine Company of the United States, the plaintiffs herein, respectfully ask for a rehearing and reconsideration of

the decision of this Court, filed July 2, 1915, on the defendant's motion to exclude evidence before the Master.

Your petitioners desire to present to the Court, for its consideration, the following points:

### Point I.

Patent No. 566,969, involved in this suit and held valid and infringed by the Circuit Court of Appeals, Third Circuit (211 F. R. 124) was granted on September 1, 1896, to Charles G. Curtis, for "the term of seventeen years" (Rev. Stat. 4884).

This patent, therefore, expired on September 1, 1913, and your petitioners are advised that they cannot, as stated by the court, 23 "proceed by separate bill, \* \* \* in order to determine their right to recover from the defendant the profits accruing to it."

Profits accruing to an infringer can be recovered by a patentee only in a suit in equity "upon a decree being rendered in any such case for an infringement", (Rev. Stat. 4921) but as the patent in suit has expired no suit in equity for infringement, praying an injunction and an account, can be maintained by your petitioners.

And your petitioners are further advised that the "profits accruing to the defendant through its alleged infringing acts under the contracts in question" cannot be recovered in an action at law, for in such suit only "damages for infringement of any patent may be recovered" (Rev. Stat. 4919); nor can defendant's profits be recovered by your petitioners in an action in the court of claims against the United States, for the reason that the Statute of June 25, 1910, authorizes only the recovery of "reasonable compensation" for the use, by the United States, of "an invention described in and covered by a patent."

Wherefore your petitioners *respectively* submit that they are entirely without remedy to recover of the defendant the profits accruing to it by reason of its alleged infringing acts under the contracts in question, except in the accounting in this suit now pending before the Master.

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### Point II.

Your petitioners are advised that there is no process of law whereby the order of this court excluding the evidence in question can be reviewed except by appeal from the final decree to be entered, based on the Master's report. There is no immediate appeal from the court's order; it is neither a "final decision" (Judicial Code Sec. 128) nor is it an interlocutory order granting, continuing, refusing or dissolving an injunction (Judicial Code Sec. 129); it is purely interlocutory in its nature and the Court of Appeals has no jurisdiction to review it by appeal or writ of error. Your petitioners are further advised that it is doubtful whether the Court of Appeals has power to review said order by writ of certiorari (Judicial Code Sec. 262) or by a writ of mandamus.

Your petitioners' only alternative is to proceed with the present

accounting, and appeal from the final decree to be entered upon the Master's report. Should the Court of Appeals reverse the order excluding the evidence in question, it would be necessary to send the case back to the Master to take the evidence, involving serious delay and expense, to the great injury of your petitioners. It was for these reasons and anticipating the result of an order excluding the evidence in question that counsel directed the court's attention (Plaintiff's Brief pp. 17-18) to the decisions holding that it is better and safer practice to admit evidence offered before the Master, so that it may be in the case for the consideration of the appellate court, thereby avoiding a new trial.

Your petitioners respectfully represent that the court was, therefore, under a misapprehension in assuming that its action in excluding the evidence would result in "expediting" the "final decision of the question here presented". On the contrary, the exclusion of the evidence is attended by the unfortunate results to your petitioners as set forth above.

In view of the foregoing your petitioners respectfully pray that the court reconsider its decision and vacate the order excluding the evidence in question, and should the court desire to hear counsel further, that a rehearing be ordered.

Dated July 16, 1915.

INTERNATIONAL CURTIS MARINE TUR-  
BINE COMPANY AND  
CURTIS MARINE TURBINE COMPANY  
OF THE UNITED STATES.

WILLIAM E. McKNIGHT,

CHARLES NEAVE,

C. BRADFORD FRALEY,

*Counsel for Petitioners.*

(Endorsed:) In Equity. No. 263. United States District Court,  
Eastern District of Pennsylvania. International Curtis Marine  
26 Turbine Company et al., Plaintiffs, vs. William Cramp & Sons  
Ship & Engine Building Company, Defendant. Petition for  
Rehearing.

And now July 20, 1915 it is ordered that within petition be filed,  
with leave to defendant to answer within 10 days.

J. W. T., J.

Filed Jul- 20, 1915. Wm. W. Craig, Clerk, per L., Deputy Clerk.

27 District Court of United States, Eastern District of Pennsylvania.

INTERNATIONAL CURTIS STEAM TURBINE COMPANY et al., Plaintiff,  
vs.

WILLIAM CRAMP & SONS SHIP AND ENGINE BUILDING COMPANY,  
Defendant.

*Notice of Motion.*

To Abraham M. Beitler, Esq., and C. V. Edwards, Esq.:

Please take notice that upon the attached affidavit of Charles Neave, verified on the seventh day of February, 1916, we shall move this Court, on Friday, February 11th, in the Federal Building in the City of Philadelphia, at the opening of Court on that day, or as soon thereafter as Counsel can be heard, for an order setting the cause for early hearing, on a date to be fixed by the Court, on the questions certified to this Court by the Master on March 18th, 1915.

C. BRADFORD FRALEY,

B.,

*Solicitor and of Counsel for Plaintiffs.*

Service acknowledged this seventh day of February, 1916.

ABRAHAM M. BEITLER,

*Solicitor and of Counsel for Defendant.*

28 District Court of the United States, Eastern District of Pennsylvania.

INTERNATIONAL CURTIS STEAM TURBINE Co. et al., Plaintiff,

vs.

WILLIAM CRAMP & SONS SHIP AND ENGINE BUILDING COMPANY,  
Defendant.

*Affidavit of Charles Neave.*

STATE OF PENNSYLVANIA,

*County of Philadelphia, ss:*

On this seventh day of February, 1916, personally appeared, before me, Charles Neave, who, being by me duly sworn did depose and say as follows:

I reside in New York City and am of Counsel for the Plaintiff in the above entitled cause, and am familiar with the proceedings therein.

On or about May 1st, 1914, the decree, under which the present

accounting is being conducted was filed in this Court, Hector T. Fenton, Esq., being designated therein as Master.

The accounting proceeded before the Master until March 18th, 1915, on which day the Master, at the request of Counsel for Defendant, certified to this Court a portion of the Minutes to enable the Defendant to obtain the opinion and direction of the Court, on the question involved, at that stage of the proceedings.

Based on such certificate filed on March 22, 1915, the Defendant moved to exclude certain evidence.

On or about May 20th, 1915, the matter was argued before the Court by Counsel representing the respective parties.

On or about July 2nd, 1915, this Court filed a memorandum opinion, granting Defendant's motion to exclude evidence, and the order to that effect was filed on or about July 13th 1915.

On or about July 20th, 1915, the plaintiff filed a Petition for re-hearing, and the petition was allowed on the same day.

Ever since the last mentioned date, the plaintiffs have actively been attempting to obtain an argument on the re-hearing which had thus been allowed.

On or about January 27th, 1916, this Court designated Monday, February 7th, 1916, at 11 A. M., as the day and hour for such hearing.

On Saturday, February 8th, 1916, my office in New York, out of abundant precaution, telephoned to the office of C. Bradford Fraley, Esq., in Philadelphia, (who is Solicitor and of Counsel for the plaintiffs in this cause), to inquire whether any change had been made in the day of hearing. I am informed by Mr. James H. Bell, of Mr. Fraley's office, and I believe that he on that morning made such inquiry at the office of the Clerk of this Court and was advised that no change had been made.

On the evening of Sunday, February 6th, 1916, I came from New York to Philadelphia to be ready for the argument this morning.

Before going to Court this morning, I stopped at Mr. Fraley's office, and was there advised by Mr. Bell that he had, late last night, for the first time been informed by the Clerk of this Court, that the hearing was postponed. This was the first intimation I received from any source as to any postponement. I then went to Court and spoke with Judge Thompson in the Court Room. He told me that Judge Beitler, of Counsel for Defendant in this cause, had told him, on a date of which I am not advised, that the questions involved in this case were to be to-day argued before the Circuit Court of Appeals for the Second Circuit, and that, in view thereof, a postponement of the hearing in this case was requested and granted.

That case in the Second Circuit is between entirely different parties, so that whatever decision may be rendered there will not be binding upon the parties to this cause, nor, in my opinion, are the facts in that case such that the determination of the issues there presented will necessarily afford any precedent for a decision here.



This Court in granting such postponement would of course and naturally assume that notice had been given to the plaintiff's representative, or that there was some agreement between Counsel with regard to it. But such was not the case.

No notice that an application for postponement was to be made was given to me; nor was such notice given to any one in my  
 31 office nor to Mr. Fraley's or anyone in his office, as I am informed and believe as a result of inquiries made to-day, nor was any notice that a postponement was granted given to me, until this morning, nor, as I am informed and believe, to anyone representing the plaintiff until late last night, (Sunday). Had I known of the intended application of defendant for a postponement, I would have appeared and opposed such application.

CHARLES NEAVE.

Subscribed and sworn to before me this seventh day of February, 1916.

[SEAL.]

JAMES H. BELL,  
*Notary Public.*

Commission Expires February 16, 1919.

(Endorsed:) District Court of United States, Eastern District of Pennsylvania. International Curtis Steam Turbine Company et al., Plaintiffs, vs. William Cramp & Sons Ship and Engine Building Company, Defendant. Notice of Motion for Hearing on Questions certified by Master and Affidavit in support thereof. C. Bradford Fraley, for Plaintiffs.

Filed Feb. 8, 1916. Wm. W. Craig, Clerk, per L., Deputy Clerk.

32 District Court of the United States, Eastern District of Pennsylvania.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY et al., Plaintiffs,

vs.

WILLIAM CRAMP & SONS SHIP AND ENGINE BUILDING COMPANY, Defendant.

*Notice.*

To Abraham M. Beitler, Esq., and C. V. Edwards, Esq.:

Please take notice that upon the motion for an order fixing an early date for the hearing by the Court on the questions certified to the Court by the Master, on March 18, 1916, notice of which motion was served upon you yesterday, we shall also rely upon the an-

nexed affidavit of Charles Neave, verified February 8, 1916, a copy of which is herewith served upon you.

New York, February 8, 1916.

CHARLES NEAVE,  
W. G. McK.,

*Counsel for Plaintiffs.*

Service acknowledged this 5th day of February, 1916.

C. V. EDWARDS,  
*Solicitor and of Counsel for Defendant.*

33 District Court of the United States, Eastern District of  
Pennsylvania.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY et al., Plain-  
tiffs,

vs.

WILLIAM CRAMP & SONS SHIP AND ENGINE BUILDING COMPANY,  
Defendant.

*Affidavit of Charles Neave.*

STATE OF NEW YORK,

*County of New York, ss:*

On this 8th day of February, 1916, personally appeared before me, Charles Neave, who being by me duly sworn did depose and say:

Yesterday, February 7, 1916, while in Philadelphia, I verified before James H. Bell, a Notary Public, an affidavit to be used on a motion to be made by the plaintiffs herein for an order fixing the time for an early hearing on the questions certified to this Court by the Master on March 18, 1915. At the time I made the affidavit in Philadelphia I did not have with me all of the papers in the case, and upon my return to my office yesterday morning I refreshed my  
34 1915, by Mr. Broadbeck, Deputy Clerk of this Court, which  
letter is as follows:

"Clerk's Office, District Court United States, Eastern District of  
Penna.

"Philadelphia, 22 October, 1915.

"Messrs. Fish, Richardson, Herrick & Neave, 5 Nassau Street, New  
York City.

"DEAR SIR: I beg to advise you that Judge Thompson has fixed  
"Thursday, November 4, at 11 A. M., for hearing in the case of In-

"ternational Curtis Marine Turbine Company, et al., v. Cramp, No. 263.

"Please acknowledge receipt of this letter, and oblige,  
"Yours very truly,

"GEORGE BROADBECK,  
"Deputy Clerk.

"Attention of William G. McKnight, Esq."

I find that subsequent to the receipt of this letter from Mr. Broadbeck Mr. McKnight prepared the following letters, addressed to Mr. Broadbeck, and the letters were mailed by my office:

"October 23, 1915.

"George Broadbeck, Esq., Deputy Clerk, Post Office Building, Philadelphia, Penna.

"DEAR MR. BROADBECK: I have your letter of October 22 advising me that Judge Thompson has fixed Thursday, November 4, at 11 A. M., for a rehearing in Curtis v. Cramp, and I am very much obliged to you for your letter and, so far as I now know, the date will suit Mr. Neave and myself.

"Very truly yours,

"WILLIAM G. McKNIGHT."

35

"November 3, 1915.

"George Broadbeck, Esq., Deputy Clerk, P. O. Building, Philadelphia, Pennsylvania.

"MY DEAR MR. BROADBECK:

"Re Curtis vs. Cramp.

"Mr. Edwards informed me today that he started the trial of a case before Judge Chatfield in Brooklyn today, which would continue through tomorrow, and that he would, therefore, not be able to argue the above case before Judge Thompson set for Thursday at 11 A. M.

"I am writing you so that you will understand that we were ready to proceed with the re-argument, but of course could not oppose Mr. Edwards' request for a postponement, in view of his being actually engaged in the trial of another case.

"Very truly yours,

WILLIAM McKNIGHT."

CHARLES NEAVE.

Subscribed and sworn to before me, this 8th day of February, 1916.

[SEAL.]

MAXWELL BARUS,  
Notary Public, N. Y. Co., No. 368.

My commission expires Mar. 30, 1916.

(Endorsed:) United States District Court, Eastern District of Pennsylvania. International Curtis Marine Turbine Company et al., Plaintiffs, vs. William Cramp & Sons Ship and Engine Building Company, Defendant. Notice and Affidavit. Charles Neave, Esq., Counsel for Plaintiff, 5 Nassau Street, New York City.

Filed Feby. 9, 1916 Wm. W. Craig, Clerk, by L., Deputy.

36 In the District Court of the United States for the Eastern District of Pennsylvania.

In Equity.

No. 263.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES

v.

WILLIAM CRAMP & SONS SHIP AND ENGINE BUILDING COMPANY.

Upon Rehearing Sur Defendant's Motion to Exclude Evidence Before the Special Master.

THOMPSON, J.:

Since the argument upon the re-hearing, the Circuit Court of Appeals for the Second Circuit has affirmed the decree of Judge Hough in the case of Missouri Wireless Telegraph Company of America v. Emil J. Simon, upon Judge Hough's opinion, Judge Ward dissenting.

Judge Hough in his opinion said:

"The questions therefore become the following: (1) What is the legal position of the sovereign in respect of patent rights granted by itself under the Act of 1910? (2) How does that act, or more accurately the legal position of the United States thereunder, affect or protect an independent contractor?"

So far as the first query is concerned it has been fully and finally answered by *Crozier v. Krupp*, (224 U. S., at 305), which holds that having regard to the undoubted authority of the United States as to such subjects (as patents) to exercise the powers of eminent domain, the statute \* \* \* provides for the appropriation of a license to use the inventions, the appropriation thus made being sanctioned by means of compensation for which the statute provides.

It may in some sense be true, as is urged by the plaintiff, 37 that the act is remedial and does not disturb any of the rights of a patentee which existed before its passage. But it is also true that if the act creates a legal status the relation of the holder of that status to the rest of the world is affected by the statute, whether such change or modification of relation be specifically mentioned or described in the act or not.

The Supreme Court has defined the somewhat inartificial language of the statute. What the act contemplates being done by the United States is to use an invention 'described in and covered by a patent.' This is held to be equivalent to the expropriation or appropriation of a 'license to use the inventions.' This means a license in its widest sense, i. e., both to make and to use, and possibly to sell, but certainly both to make and to use.

In this instance the navy, through its officers, has appropriated by right of eminent domain a license to make and use any and all articles covered by the patent in suit. It could plainly make them in its own yards or other work places by its hired employees or permanent officers. It could take Simon into its employment at a stated stipend, and it could even make that stipend the exact amount of his estimated profit under the contract. If this had been done the plaintiff could certainly do nothing but institute an action in the Court of Claims. Simon would be as immune as an admiral. However repugnant to business and professional feeling this method of riding roughshod over the rights of a patentee may be, it is difficult for me to perceive that there is any substantial difference between what the government admittedly might have done and what it has done in respect of this contract. Any distinction drawn between doing an infringing job by day's work and doing the same job by contract is without substance.

But it is said (and here hangs the plaintiff's whole case) that before the Act of 1910 the holder of a patent could sue a contractor with the government for infringement as fully and freely as he could any one else, provided always that he did not by injunction or otherwise interfere with government possession of anything (however obnoxious to the patentee's rights) actually in governmental use (*Brady v. Atlantic Works*, supra; *International, &c., Co. v. Cramp*, 211 Fed. Rep. 124, and cases therein cited). In my opinion this is true, but not so as to the corollary stated by plaintiff, viz., that since this right existed before the Act of 1910 and is not explicitly taken away by that statute, it must still survive as fully as of old. If the reason of the law fails, the law ought to fail with it; this maxim seems to me to apply very forcibly here. The reason for permitting actions for infringement by private parties against government contractors was that since infringement was a tort, and the United States had never consented to be sued in tort, patentees were without remedy. Now they have such remedy under the statute, and cannot take what the statute gives (or imposes)

38 and retain what they had before if it interferes with governmental enjoyment of its license.

The United States has a license under this patent to make, use and perhaps to sell, to any extent deemed beneficial to the Commonwealth, and without any territorial or other limitation upon its right. A licensee to make and use is not (in the absence of specific language in his license) limited to making with his own hands, in his own shop, or by his own employees. He may employ, procure or contract with as many persons as he chooses to supply him with that which he may lawfully use, provided such conduct does not

change his relation to the licensor. In my opinion this is exactly what the government has done here, and Simon is not an infringer because he is supplying lawful goods to a lawful licensee (Foster Hose Supporter Co. v. Taylor Co., 191 Fed. Rep., 1003)."

The decision of the Circuit Court of Appeals for the Second Circuit adopting the opinion of Judge Hough is to be regarded as decisive of the question here raised, unless the Circuit Court of Appeals for this Circuit in its opinion and decree ordering an accounting determined as the law of this case that, in a suit by a patentee against an independent contractor, an accounting should be had of profits accruing in making turbine engines for torpedo boat destroyers for the government under contracts entered into after June 25, 1910.

The present suit was commenced in 1909, and the contracts under consideration upon the appeal were Nos. 30 and 31, entered into in 1908. There was apparently nothing before the court relating to contracts with the Government subsequent to the passage of the Act of June 25, 1910, and there is no discussion of any such transactions by the Court in its opinion. Contracts Nos. 47, 48, 49 and 50 were not entered into until 1911, and it is apparent that the sole question before the court, where the question of jurisdiction was discussed, was one of equitable jurisdiction of a suit begun prior to the Act of June 25, 1910. This is apparent from the following language in Judge Buffington's opinion (211 Fed. at page 152):

"Since the litigation began, the two torpedo boat destroyers referred to have been finished and delivered to the government, and the plaintiffs do not now ask that the decree shall in any wise be directed against these vessels, or against the government in respect thereof. The bill contains no averment that the defendant is building or threatening to build infringing turbines for commercial use; only certain ships of war are involved in the suit; and, for reasons to be briefly stated, we are of opinion that no jurisdiction should now be granted. We do not agree that the court below should have dismissed the bill for want of jurisdiction. Neither the United States now nor one of its officers is a party defendant, but the suit is brought solely against a private corporation that had contracted to do certain public work.

The bill was filed in 1909, and we think there was then no doubt that the court below had the right to entertain it.

\* \* \* \* \*

But since the suit was brought, the act of 1910 has been passed, and has been interpreted by the Supreme Court in the recent case of Crozier v. Krupp, 224 U. S. 290, 32 Sup. Ct. 488, 56 L. Ed. 771. This statute, we think, furnishes a practical solution of the questions arising upon this branch of the case. Even if the plaintiffs did not disclaim the desire to interfere with the government's possession of the vessels, there is no longer any ground upon which a final injunction can be properly rested, even in a suit against a contractor with the government, where the dispute concerns such

property as vessels of war. If the United States has infringed, or shall hereafter infringe, the patents that we have been considering, the act of 1910 permits the plaintiffs to sue in the Court of Claims. *Crozier v. Krupp, supra.* And if the defendant shall undertake to infringe hereafter by making offending turbines for commercial use, relief can be obtained by another suit."

It seems to be conclusive, therefore, that the Circuit Court of Appeals had not before it in the consideration and decision of the case the situation now presented, and that its order for an accounting should not be construed as intended to include an inquiry whether the turbine engines in torpedo boat destroyers made by the defendant under contracts with the Government entered into since June 25, 1910, infringed the plaintiffs' patent (as would have been the inquiry but for the provisions of the Act of 1910, and, if found to be infringements, an inquiry and report regarding the defendant's profits. There was no decision by the Circuit Court of Appeals that the license acquired by the United States by right of eminent domain to use the invention of the plaintiffs' patent was not a license under the broad signification of the term "license to use," including the right to make and use, as was held by the Special Master in overruling the objection of the defendant to any inquiry into any transaction under contracts Nos. 47, 48, 49 and 50.

The Court will therefore follow the construction of the Act of 1910, adopted in *Marconi Wireless Telegraph Company of America v. Simon*, applying the doctrine of *Crozier v. Krupp* to a suit by a patentee against an independent contractor with the Government. It is therefore held that the defendant is not, as to the contracts entered into since June 25, 1910, an infringer, and is not liable to an accounting for anything done under those contracts, and that the Special Master was in error in overruling the motion of the defendant to exclude from its accounting the profits, if any, made by defendant for building turbine engines under contracts 47, 48, 49 and 50.

It is ordered that the action of the Special Master in overruling the defendant's objection be overruled, and that the defendant's objection be sustained, without prejudice, as noted in the memorandum opinion filed July 2, 1915.

(Endorsed:) U. S. D. C., E. D. of Pennsylvania, 263. *International Curtis Marine Turbine Company and Curtis Marine Turbine Company of the United States vs. Cramp.* Opinion, Thompson, J. overruling action of Special Master in overruling defendant's objection, etc.

Filed Mar. 21, 1916. Wm. W. Craig, Clerk, by L., Deputy Clerk.

UNITED STATES OF AMERICA,  
*Eastern District of Pennsylvania, set:*

I, William W. Craig, Clerk of the District Court of the United States for the Eastern District of Pennsylvania, do hereby certify

that the annexed and foregoing is a true and faithful copy of Docket Entries from May 3, 1912, to date; Decree on Mandate of U. S. Circuit Court of Appeals; Certificate of Master; Opinion, Thompson, J., filed July 2, 1915; Order Granting Defendant's Motion to Exclude Certain Evidence; Plaintiff's Petition for rehearing and Order thereon; Notice of Motion for Rehearing on Questions Certified by Master and affidavit in support thereof, filed February 8, 1916; Notice and Affidavit, filed February 9, 1916; Opinion, Thompson, J., Overruling Action of Special Master in Overruling Defendant's Objection, etc., filed March 21, 1916, in the case of International Curtis Marine Company and Curtis Marine Turbine Company of the United States vs. William Cramp & Sons Ship and Engine Building Company, No. 263, April Sessions 1909, now remaining among the records of the said Court in my office.

In testimony whereof, I have hereunto subscribed my name and affixed the seal of the said District Court at Philadelphia, this twenty-fifth day of May, in the year of our Lord one thousand, nine hundred and sixteen and in the one hundred and fortieth year of the Independence of the United States.

WILLIAM W. CRAIG,

*Clerk District Court U. S.,*

By GEORGE BRODBECK,

*Deputy Clerk.*

43 United States Circuit Court of Appeals for the Third Circuit,  
March Term, 1916.

INTERNATIONAL MARINE TURBINE COMPANY and CURTIS MARINE  
TURBINE COMPANY OF THE UNITED STATES, Petitioners,

vs.

WILLIAM CRAMP & SONS SHIP AND ENGINE BUILDING COMPANY,  
Respondent.

*Petition for Writ of Certiorari or Writ of Mandamus from the United  
States Circuit Court of Appeals for the Third Circuit to the United  
States District Court for the Eastern District of Pennsylvania.*

To the Honorable Judges of the United States Circuit Court of Appeals for the Third Circuit:

Your petitioners, International Marine Turbine Company and Curtis Marine Turbine Company of the United States, respectively represent as follows:

Your petitioners brought suit in equity against the respondent in the United States District Court for the Eastern District of  
44 Pennsylvania, alleging infringement of certain Letters Patent, among which was patent No. 566,969. This Court considered the validity and infringement of said patent upon appeal from a decree of said District Court dismissing the bill; thereafter



and for reasons which it is not necessary here to relate, the said appeal was reargued before this Court and in a second opinion filed February 16, 1914, this Court held said Letters Patent 566,969 to be valid and infringed and ordered an accounting but denied an injunction. The bill of complaint herein alleged that the defendant did before the commencement of the suit—

" \* \* \* offer in writing accompanied by plans and specifications to make for and to sell to the United States Government, elastic fluid turbines for propelling ships \* \* \* employing and containing the inventions set forth in each and all of the several Letters Patent; that the offer so made by the defendant has been accepted by the United States Government; that the defendant is at present under contract to make such infringing elastic fluid turbines; that the work of construction of such infringing turbines is now being proceeded with by said defendant within the Eastern District of Pennsylvania and elsewhere in the United States for the purpose of furnishing the same to the United States Government under the said contract; that all of said acts and doings by the defendant have been and are without license or allowance and against the will of your orators and in violation of their rights \* \* \*."

The said contracts were for the building of torpedo boat destroyers Nos. 30 and 31, and, since the litigation commenced and prior to the said opinion of this Court, the said destroyers were furnished and delivered to the Government. The reason why this Court denied to the petitioners the right to an injunction is set forth in the said opinion as follows:

"But since the suit was brought the Act of 1910 has been passed, and has been interpreted by the Supreme Court in the recent case of Crozier vs. Krupp, 224 U. S., 290. This statute  
45 we think furnishes a practical solution of the questions arising upon this branch of the case. Even if the plaintiffs did not disclaim the desire to interfere with the Government's possession of the vessels, there is no longer any ground upon which a final injunction can be properly rested even in a suit against a contractor with the Government where the dispute concerns such property as vessels of war. If the United States has infringed or shall hereafter infringe the patents that we have been considering the Act of 1910 permits the plaintiffs to sue in the Court of Claims. Crozier vs. Krupp, and if the defendant shall undertake to infringe hereafter by making offending turbines for commercial use, relief can be obtained by another suit.

"The plaintiffs are entitled to a decree sustaining patent No. 566,969, so far as indicated in the foregoing opinion, and ordering an account, but an injunction will be denied."

2. Thereafter the mandate of this Court was filed in the office of the clerk of the said District Court and an interlocutory decree was entered, adjudging said Letters Patent 566,969 to be good and valid and that the respondent has infringed upon claims 1 to 9, inclusive, and 11 thereof, and further adjudging and decreeing that your petitioners recover of the respondent the profits, gains and advantages derived, received or made by them by reason of said infringement,

and any and all damages which your petitioners or either of them have sustained by reason of said infringement; and the matter was referred to Hector T. Fenton, Esq., as Master of this Court, to take and state the account of said profits and damages.

Thereafter proceedings were had before said Master and, upon an order entered by him, the defendant herein filed with the  
46 Master a debit and credit account with reference to said torpedo boat destroyers Nos. 30 and 31. Your petitioners offered to prove other and subsequent infringing acts by the respondent, and offered in evidence before said Master certified copies of certain contracts, each dated September 7, 1911, between the defendant and the United States for the construction of torpedo boat destroyers Nos. 47, 48, 49 and 50, and called for the production of the drawings plans and specifications referred to herein, and forming a part thereof, and also the proposal prepared by the respondent and submitted to the Government in connection with each of said contracts, your petitioners intending to show by these plans, specifications and drawings that the turbines called for by the said contracts are substantially identical with those held by this Court to be infringing devices, and that the respondent is, therefore, liable for the profits it has made or the damages your petitioners have suffered.

The respondent objected to the admission in evidence of these contracts, and to the production of the proposals, drawings, plans and specifications on the ground that they were immaterial and irrelevant when "the contracts on their face are subsequent to the passage of the Act of June 25, 1910, upon which date the Government acquired a license to use the invention of the patent in suit; consequently the making of these devices upon the order of the Government did not constitute an infringing transaction." The Master, after hearing argument and reargument of the question by counsel, overruled the respondent's objection, but, at the request of respondent's counsel, certified the question to the United States District Court for the Eastern District of Pennsylvania, for its opinion, and, upon the Master's certificate of the pertinent portions of the record, the respondent applied to the said District Court to instruct the Master that the respondent's objections should be sustained.

47 3. After oral argument and the submission of printed briefs by the parties, the United States District Court for the Eastern District of Pennsylvania on June 2, 1915, filed its decision allowing respondent's motion to exclude the said evidence before the Master. Thereupon your petitioners filed with the said District Court a petition for re-hearing which was granted and, after oral argument and the submission of printed briefs, the said District Court adhered to its former decision.

The Act of June 25, 1910, upon which the respondent relied in support of its said objection to the admission of certain contracts in evidence, is as follows:

"An Act to Provide Additional Protection for Owners of Patents of the United States and for Other Purposes.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled, that whenever an invention described in and covered by a patent of the United States shall hereafter be used by the United States without license of the owner thereof or lawful right to use the same, such owner may recover reasonable compensation for such use by suit in the Court of Claims; provided however, that said Court of Claims shall not entertain a suit or reward (sic) compensation under the provisions of this Act where the claim for compensation is based on the use by the United States of any article heretofore owned, leased, used by or in the possession of the United States; provided further that in any such suit the United States may avail itself of any and all defenses general and special which might be pleaded by a defendant in an action for infringement as set forth in Title 60 of the Revised Statutes or otherwise; and provided further that the benefits of this Act shall not endure to any patentee who, when he makes such claims, is in the employment or service of the Government of the United

48 States, or the assignee of such patentee, nor shall this Act apply to any devices discovered or invented by such employee during the time of his employment or service."

In view of the foregoing your petitioners respectfully submit the following reasons why the decision of the United States District Court for the Eastern District of Pennsylvania should be brought here for review by this Court:

The opinion of this Court ordered an account of profits and damages and did not limit the scope of said accounting to the infringing acts committed prior to the passage of the Act of June, 1910, but, in view of the said decision of the District Court for the Eastern District of Pennsylvania, the accounting has been limited to such infringing acts as were committed prior to the passage of said Act and has excluded all evidence with respect to infringing acts committed subsequent to the date of said Act. Unless this Court affords relief to your petitioners, and consents now to review the said decision, your petitioners will be obliged to proceed with the accounting herein with respect to said torpedo boat destroyers Nos. 30 and 31, contracted for prior to the passage of said Act, and then appeal to this Court from the final decree entered herein; should this Court then disagree with the decision of the said District Court, it would become necessary to send the entire case back to the Master to take the evidence which had been excluded.

It is your petitioners' belief that this Court should at this time undertake to review the said decision of the District Court and instruct it as to the scope of the accounting which this Court has heretofore ordered, in order that time and expense may be saved to the parties hereto and that your petitioners may be advised as to their rights and remedies in said accounting proceeding.

A certified copy of the record herein is filed as part of this application.

49 Wherefore your petitioners believe that this Honorable Court will be pleased to grant a writ of certiorari or a writ of mandamus directed to the United States District Court for the Eastern District of Pennsylvania.

May, 1916.

\_\_\_\_\_  
*Solicitor for Petitioners.*  
CHARLES NEAVE,  
*Of Counsel.*

*Certificate.*

I hereby certify that I am counsel for the petitioners herein, International Marine Turbine Company and Curtis Marine Turbine Company of the United States; that the allegations of fact contained in said petition are true, and that said petition is in my opinion well founded in law as well as in fact.

CHARLES NEAVE.

Received & Filed May 24, 1916. Saunders Lewis, Jr., Clerk.

50 In the United States Circuit Court of Appeals for the Third Circuit.

No. 2126.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY et al., Plaintiffs,

vs.

WILLIAM CRAMP & SONS SHIP AND ENGINE BUILDING COMPANY, Defendant.

Sur Petition for Writ of Certiorari or Mandamus.

Before Buffington and Woolley, Circuit Judges.

BUFFINGTON, J.:

This application for a mandamus or other appropriate process in effect asks us to reverse the ruling of the court below, which is reported in *International Curtis Marine Turbine Co. vs. Cramp & Sons*, 232 Fed. Rep. 166, and to direct the master to proceed on an accounting for contracts Nos. 47, 48, 49, and 50, made by the defendant with the United States Government. The question passed upon by the court below in that decision is as we view it, involved in a case in the Second Circuit, *Marconi Co. vs. Simon*, 231 Fed. Rep. 1021. This latter case is now under review by the Supreme Court of the United States on certiorari at No. 485 of October Term

1916. As a decision therein will settle the case pending before us it seems proper for this court to await the action of the Supreme Court. In view however of the fact that the press of business of that court may prevent an early hearing and decision of the case pending before it we will, without passing on the merits of the case now pending before us, for the interim, direct the court below to enter an order directing the master to proceed to an accounting upon contracts Nos. 47, 48, 49 and 50, keeping the proofs and proceedings thereunder separate from those under contracts Nos. 30 and 31. By following this course the delay and loss of time which would result in the case in this Circuit if the view of the Second Circuit is sustained, will be avoided and in case the view held by the court below is sustained the present order will only have involved costs for which the plaintiff will of course be liable.

The case will therefore be retained in this court for the time being to await the decision of the Supreme Court, but pending such time the court below will enter an order directing the master to proceed in the accounting upon contracts Nos. 47, 48, 49 and 50, as above indicated.

Endorsed: No. 2126. Opinion of the Court by Buffington, J.  
Received and filed Jan. 11, 1917. Saunders Lewis, Jr., Clerk.

52 At a Stated Term of the United States Circuit Court of Appeals for the Third Circuit, Held at the Court-rooms of said Court, in the Post Office Building, Philadelphia, Pa., on the — day of January, 1917.

Present: Hon. Joseph Buffington, Circuit Judge.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY et al., Plaintiffs,

vs.

WILLIAM CRAMP & SONS SHIP AND ENGINE BUILDING COMPANY, Defendant.

*Order on Petition for Writ of Certiorari or Mandamus.*

Upon the petition of the plaintiffs for a writ of certiorari or mandamus and brief in support thereof, and after consideration, it is

Ordered, adjudged and decreed that this Court will retain jurisdiction of this cause pending the hearing and determination by the Supreme Court of the United States of the case of Marconi Company vs. Simon, now pending in said Court, but the United States District Court for the Eastern District of Pennsylvania is directed to enter an order directing the Master to proceed with the accounting herein with respect to contracts Nos. 47, 48, 49 and 50, and such other contracts as have been already offered in evidence by the plaintiffs.

Feb. 2, 1917.

JOS. BUFFINGTON,  
U. S. Judge.

53 UNITED STATES OF AMERICA,  
*Eastern District of Pennsylvania,  
Third Judicial Circuit, act:*

I, Saunders Lewis, Jr., Clerk of the United States Circuit Court of Appeals, for the Third Circuit, do hereby Certify the foregoing to be a true and faithful copy of the original transcript of record and proceedings in this Court in the case of International Curtis Marine Turbine Company et al. vs. William Cramp & Sons Ship and Engine Building Company, No. 2126, on file, and now remaining among the records of the said Court, in my office.

In Testimony Whereof, I have hereunto subscribed my name and affixed the seal of the said Court, at Philadelphia, this second day of February, in the year of our Lord one thousand nine hundred and seventeen and of the Independence of the United States the one hundred and forty-first.

[Seal United States Circuit Court of Appeals, Third Circuit.]

SAUNDERS LEWIS, JR.,  
*Clerk of the U. S. Circuit Court of  
Appeals, Third Circuit.*

54 919—25749.

Supreme Court of the United States, October Term, 1916.

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY,  
Petitioner,

vs.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS  
MARINE TURBINE COMPANY OF THE UNITED STATES, Respond-  
ents.

*Stipulation.*

Whereas, the defendant has filed in this court a petition for a writ of certiorari to the United States Court of Appeals for the Third Circuit and a transcript of record certified by the clerk of said Circuit Court of Appeals, and

Whereas, said record does not contain a copy of the contracts for torpedo boat destroyers Nos. 47, 48, 49 and 50, offered in evidence before the Master by the plaintiff, and objected to by the defendant, said offer and objection being the basis for these proceedings, and

Whereas, said contracts are for the purposes of these proceedings substantially alike, and

Whereas, said contract for torpedo boat destroyer No. 47 was presented to said Circuit Court of Appeals and the lower tribunals

respectively for their consideration, and should in the judgment of counsel for both parties have been made a part of the official record herein, and was apparently omitted therefrom by accident, when the Master, who referred to the contract in his certificate (Rec., p. 17) filed the documents with the clerk of the District Court.

Now therefore, it is stipulated and agreed that said transcript of record may be amended by adding thereto a copy of said contract for torpedo boat No. 50.

CLIFTON V. EDWARDS,  
*Counsel for Petitioner.*  
CHARLES NEAVE,  
W. G. McKNIGHT,  
*Counsel for Respondents.*

C. U.

PLAINTIFF'S EXHIBIT 4 FOR IDENTIFICATION.

United States of America,  
Department of the Interior.

Washington, D. C.,  
September 17, 1914.

Pursuant to Section 882 of the Revised Statutes, I hereby certify that the annexed copy of the contract made by R. F. Nicholson, Acting Secretary of the Navy, with William Cramp & Sons Ship & Engine Building Co., September 7, 1911, for the construction of Torpedo Boat Destroyer No. 50, is a true copy of the same as it appears on file in this Department.

In testimony whereof, I have hereunto subscribed my name, and caused the seal of the Department of the Interior to be affixed, the day and year first above written.

[SEAL.]

B. O. SWEENEY,  
*Assistant Secretary of the Interior.*  
H. T.

- 56 (*Copy of Contract with the William Cramp & Sons Ship and Engine Building Company for the Construction of Torpedo Boat Destroyer No. 50.*)

28189-1.

L.

Department of the Interior,  
Returns Office.

Recd. Oct. 28, 1911.

Ackd.

Series 1911, Navy Dept. 2 1 3 33.

R. E. S.

Sept. 7.

*Affidavit.*

I do solemnly swear (or affirm) that the copy of contract hereto annexed is an exact copy of a contract made by me personally with The William Cramp & Sons Ship and Engine Building Company, represented by Harry W. Hand, as Vice-President, that I made the same fairly; without any benefit or advantage to myself, or allowing any such benefit or advantage corruptly to the said The William Cramp & Sons Ship and Engine Building Company, Harry W. Hand, or any other person; and that the papers accompanying include all those relating to the said contract, as required by the statute in such case made and provided.

R. F. NICHOLSON,  
*Acting Secretary of the Navy.*

On this 26th day of October, A. D. 1911, before me, Ralph T. Bartlett, a Notary Public, personally appeared R. F. Nicholson, Actg. Secy. of the Navy, and took and subscribed the foregoing affidavit.

[SEAL.]

RALPH T. BARTLETT,  
*Notary Public.*

57

(Copy Dr.)

[Nos. 43 to 50.]

*Contract for the Construction of Torpedo Boat Destroyer No. 50, of about 1036 Tons Trial Displacement.*

Contract, of two parts, made and concluded this 7th day of September, A. D. 1911, by and between The William Cramp and Sons Ship and Engine Building Company, a corporation created under the laws of the State of Pennsylvania, and doing business at Philadelphia, represented by the Vice-President of said Company, party of the first part, and the United States, represented by the Secretary of the Navy, party of the second part;



## Acts of Congress.

Whereas the act of Congress making appropriations for the naval service for the fiscal year ending June 30, 1912, approved March 4, 1911, authorized the construction of eight torpedo boat destroyers, which are to be built in accordance with certain provisions contained in the act entitled "An act to increase the naval establishment," approved August 3, 1886, and to be in all their parts of domestic manufacture; and

Whereas, after due advertisement, the proposal of the said party of the first part for the construction of one of said vessels, complete in all respects, with the exceptions noted in the specifications, which vessel, is for the purposes of this contract, designated and known as Torpedo Boat Destroyer No. 50, has been accepted by the Secretary of the Navy; and

Whereas, the drawings, plans, and specifications required  
58 by the said acts of Congress have been duly provided, adopted, and approved in accordance with the provisions thereof;

Now, therefore, this contract witnesseth, That, in consideration of the premises and for and in consideration of the payments to be made as hereinafter provided, the party of the first part, for itself and its successors and assigns, and its legal representatives does hereby covenant and agree to and with the party of the second part as follows—that is to say:

First. The party of the first part will at its own risk and expense, construct, in accordance with the provisions of the acts of Congress relating thereto, and in conformity with the aforesaid drawings, plans, and specifications, including duly authorized changes therein, one torpedo boat destroyer of about 1036 tons trial displacement; such vessel to be constructed of steel of domestic manufacture, of the quality and characteristics best adapted to the various purposes for which it may be used, in accordance with specifications approved by the Secretary of the Navy: Provided, Contracts for furnishing the same in a reasonable time, at a reasonable price, and of the required quality can be made with responsible parties, and to be provided and fitted with machinery, engines, and boilers, also of domestic manufacture, complete in all their parts, appurtenances, and spare parts, and in all respects as described in the annexed drawings, plans, and specifications, including duly authorized changes therein, and in the acts of Congress above mentioned, and will deliver the vessel to the Commandant, Navy Yard, Philadelphia, Penna.

## Place of Delivery—Domestic Material.

Second. It is, however, expressly understood and agreed that if  
59 any article or thing included in, or covered by, the drawings, plans, and specifications aforesaid shall be found, during the prosecution of the work under this contract, to be not produced or manufactured in the United States, excepting steel

as above stated, and if, after reasonable effort, it shall be found impracticable to obtain the same as an article of domestic manufacture, then, and in such case, provision shall be made, by or with the approval of the Secretary of the Navy, for such alteration in the drawings, plans, and specifications, or for the adoption of such new or different device or plan as may be found necessary in order to carry out and complete the contract, subject, as to increased or diminished compensation by reason of such changes, to the conditions applicable to changes as expressed in the third clause of this contract.

Conform to Plans and Specifications—Omissions—Changes—Board on Changes—Reimbursement to Contractors for Delays Caused by Changes.

Third. The construction of said vessel (the word vessel as used throughout this contract being intended to include everything covered by the drawings, plans, and specifications above referred to) shall conform in all respects to and with said drawings, plans, and specifications, including duly authorized changes therein, which are hereto annexed and shall be deemed and taken as forming a part of this contract with the like operation and effect as if the same were incorporated herein. No omission in the drawings, plans, or specifications of any detail, object, or provision necessary to carry this contract into full and complete effect, in accordance with the object and intent of the acts of Congress above referred to, shall operate to the disadvantage of the party of the second part, but the same shall be satisfactorily supplied, performed, and observed by the party of the first part, and all claims for extra compensation by reason of, or for, or on account of, such extra

60 performance, are hereby and in consideration of the premises expressly waived; and it is hereby further provided, and this contract is upon the express condition, that the drawings, plans, and specifications aforesaid may be changed, and that such changes as are not contrary to law may be made in this contract, by the party of the second part, but no such changes shall be made when the cost thereof shall in the execution of the work exceed five hundred dollars (\$500), except on the written order of the Secretary of the Navy; that, if changes are thus made, the actual cost thereof, and the damage, if any, caused thereby, shall be ascertained, estimated, and determined by a board of naval officers, appointed by the Secretary of the Navy, and that the party of the first part shall be bound by the determination of said board, or a majority thereof, as to the amount of increased or diminished compensation the said party of the first part shall be entitled to receive, if any, in consequence of such change or changes: Provided, That the time herein stipulated for the completion of the vessel is intended to cover such changes as may be ordered by the party of the second part in the work covered by this contract, within the time and in the order necessary to enable the party of the first part to carry on the work to comple-

tion within the prescribed period, not exceeding a total increased cost, as determined by the board on changes, of five (5) per cent of the price of the vessel. Should any change necessarily delay the general completion of the vessel, the Secretary of the Navy shall have authority to consider and adjust any question of damages due to changes necessitating continuance of the work beyond the prescribed period, in addition to the awards of the board on changes:

61      Provided, however, That no claim for delay or damages caused by any change shall be considered by the Secretary of the Navy unless the party of the first part shall, within ten days after receipt of the order for such change, notify him in writing that the work will be delayed thereby, stating the grounds therefor, the extent of such delay, and the amount of damages claimed on account thereof; and that no allowance shall be made for any such delay or damage in excess of that so claimed by the party of the first part: And, provided further, That in no case shall such sums allowed for each day's delay in completion attributed by the Secretary of the Navy to the Government by reason of changes exceed an amount equal to the sums prescribed as deductions per day for delay in completion against the party of the first part in the tenth clause hereof.

#### Armament.

Fourth. The armament and ordnance outfit complete will be supplied by the party of the second part, but will be installed by and at the expense of the party of the first part in accordance with the specifications forming part of this contract.

#### Materials and Workmanship.

Fifth. The materials and workmanship used and applied in the construction of the vessel herein contracted for, in details and finish, shall be first-class and of the very best quality, and shall, from the beginning to the end of the work, be subject to the inspection of the Secretary of the Navy, it being hereby understood, covenanted, and agreed that the said Secretary may appoint suitable inspectors, to whom the party of the first part shall furnish such samples of said materials, and such information as to the quality thereof and the manner of using the same, as may be required, and also any assistance such inspectors may require in

62      determining the weight and quality of steel and other metals, and of wood and other materials, either used or intended for use in the construction of the vessel, and that the inspectors may, with the approval of the said Secretary, peremptorily reject any unfit workmanship or material or forbid the use thereof. The inspectors shall, at all times during the progress of the work, have full access thereto, and the party of the first part shall furnish them with full facilities for the inspection and superintendence of the same.

### Steel and Other Materials.

Sixth. The steel and other materials to be used in the construction of the vessel herein contracted for shall conform to the specifications for inspection of material for use in the construction of the hulls and the machinery of vessels for the United States Navy, approved by the Secretary of the Navy, which specifications are annexed to and form a part of this contract.

### Working Drawings.

Seventh. The party of the first part will, at his own expense, prepare such plans or drawings as may be necessary during the progress of the work, and will submit the same to the Navy Department for its approval, as required by the specifications, before the work is begun.

### Patents.

Eighth. The party of the first part, in consideration of the premises, hereby covenants and agrees to hold and save the United States harmless from and against all and every demand or demands of any nature or kind for or on account of the adoption of any plan, model, design or suggestion, or for or on account of the use of any patented invention, article, or appliance that has been or may be adopted or used in or about the construction of said vessel, or any part thereof, under this contract, and to protect and discharge  
63 the Government from all liability on account thereof, or on account of the use thereof, by proper releases from patentees, and by bond if required, or otherwise, and to the satisfaction of the Secretary of the Navy.

### Insurance.

Ninth. The vessel herein contracted for and all materials and appliances provided for and used, or to be used, in the construction thereof, shall be kept duly insured against fire and marine risks, settling of stocks, breakage of ways, and risks of launching, which insurance shall be renewed and increased, from time to time, by and at the expense of the party of the first part, until the preliminary or the conditional acceptance of the vessel, the loss, if any, to be stated in the policies as payable to the Secretary of the Navy; the insurance to be effected in such manner and in such companies as shall be approved by him, and in an amount to be fixed, from time to time, by him, not exceeding the sum of the payments made under this contract.

Time for Completion—Government Lien—Delay Penalties—Delay  
in Obtaining Materials.

Tenth. The vessel herein contracted for shall be completed in accordance with the drawings, plans and specifications, and duly approved changes therein, and ready for delivery to the party of the second part on or before the expiration of 24 months from the date hereof; but the lien of the party of the second part upon said vessel and the materials on hand for use in the construction thereof, respectively and collectively, for all moneys paid on account thereof, shall begin with the first payment, and shall thereupon attach to the work done and materials furnished, and shall, in like manner, attach, from time to time, as the work progresses, and as further payments are made, and shall continue until it shall have been properly discharged. In case the completion of the vessel as aforesaid shall be delayed beyond the period hereinbefore fixed therefor, deductions on account thereof shall be made from the price stipulated in this contract as for liquidated and ascertained damages for each and every day (excepting Sundays) during the continuance of such delay, and until the vessel shall be completed as aforesaid and ready for delivery to the party of the second part, as follows, viz: Fifty dollars (\$50) a day during the first month next succeeding the expiration of said period, and one hundred dollars (\$100) a day thereafter; all such deductions to be made, from time to time, from any payment or payments falling due under this contract: Provided, however, That such delays shall not have been caused by the act of the party of the second part, or by fire or water, or by any strike or stand out of workmen employed in the construction of the vessel, or by other circumstances beyond the control of the party of the first part, but such circumstances shall not be deemed to include delays in obtaining materials when such delays arise from causes other than those herein specified: Provided, further, That if it shall appear to the satisfaction of the Secretary of the Navy that the party of the first part ordered all necessary materials at the proper time and used every reasonable effort to obtain the delivery of such materials at the time and in the order required to carry on the work properly, but that nondelivery of such materials delayed the completion of the vessel, he may, in his discretion, grant such extension of time for the fulfillment of the contract as he may deem proper under the circumstances: And provided further, That in case of any such alleged delay the party of the first part shall give immediate notice thereof in writing to the Secretary of the Navy.

65

Deductions Referred to the Secretary.

In case any question shall arise under this contract concerning deductions for delay, as aforesaid, such question, with all the facts relating thereto, shall be submitted to the Secretary of the Navy for consideration, and his decision thereon shall be conclusive and binding upon the parties to this contract.

### Extensions of Time.

All delays that the Secretary of the Navy shall find to be properly attributable to the party of the second part, and to have been delays operating upon the completion of the vessel, shall entitle the party of the first part to a corresponding extension of the period prescribed for the completion of the vessel: Provided, however, That no delay, nor the alleged cause or causes thereof, attributed by the party of the first part to the party of the second part, shall be considered by the Secretary of the Navy unless the party of the first part shall, at the time of the occurrence of such delay, notify him in writing of the facts and circumstances in each case, and of the extent to which the said party of the first part claims that the completion of the vessel is thereby delayed: And provided further, That the said Secretary may, without prejudice to the right of the party of the first part, reserve his decision upon any or all claims for extension until such time as he may consider desirable, and if deemed expedient until after the completion of the vessel, the work on her in the meantime in accordance with the contract, plans, and specifications not to be discontinued or delayed on account thereof.

### Strength of Vessel Guaranteed—Weight of Machinery—Overweight Deductions.

Eleventh. The party of the first part hereby further covenants and agrees that the vessel to be constructed under this contract shall be sufficiently strong to carry safely her personnel and the armament (including torpedoes and their appendages), equipment, fuel, stores, and machinery prescribed by the Secretary of the Navy and indicated in the annexed drawings, plans, and specifications; and that the total weight of said machinery, including water and all articles irrespective of name or use that are under cognizance of the Bureau of Steam Engineering, as set forth in the weight instructions, Navy Department, Bureau of Steam Engineering, 1903, modified as required for turbine machinery, except stores supplied by the Navy Department (but not including the reserve feed water in tanks or spare parts of the machinery not usually carried on board, as enumerated in the specifications); also including the electric plant, exclusive of conduit and wiring, shall not exceed Three Hundred and fifty-two (352) tons; this total weight to be determined from the certified records of the actual weights of the parts of the machinery as they are sent on board the vessel to be connected up, except the weight of the contained water, which shall be calculated from the actual volumes in steaming condition, as shown on the certified drawings of the completed machinery; the weight to be calculated for salt water, except for those parts where fresh water only is used; that if said total weight be exceeded, a deduction of two hundred and fifty dollars (\$250) a ton shall be made from the price of the vessel for each ton of weight in excess of that stipulated, and that if said total weight be exceeded

by five (5) per cent, a further deduction of five thousand dollars (\$5,000) shall be made from the price of the vessel; all such deductions to be made from any payment or payments falling due under this contract.

### Trials.

67 Twelfth. When the vessel is substantially complete, as required by the contract, except minor items of work that may, in the discretion of the Secretary of the Navy, be left unfinished until after the trial trip, and when the party of the first part shall have made sufficient trials at dock and in free route to be reasonably sure of satisfactory performance under the requirements of this contract, she shall be subjected to trials to test her and her speed; such trials to be as prescribed by the Secretary of the Navy, and to include the following, viz:

### Standardization.

a. A progressive trial over a measured mile course at the Delaware Breakwater for standardizing the screws, extending from maximum speed down to a speed of twelve (12) knots; about twenty-six runs to be made over the course in order to adequately cover the range of speed desired. This progressive trial is to be made with the vessel weighted as specified hereinafter.

Five consecutive runs must be made at the highest speed attainable and the mean speed and revolutions for these runs carefully ascertained; the remaining runs to be grouped in such manner and at such speeds as directed by the trial board in order to determine the curve of speed and revolutions, the vessel to be so weighted that the highest speed runs will take place, as nearly as may be, at the mean trial displacement specified hereinafter. Should the mean speed for the five highest runs not equal or exceed the guaranteed speed of  $29\frac{1}{2}$  knots, the trial shall be considered a failure.

### Full Speed.

68 b. A full-speed trial of four hours' duration in the open sea in deep water, at the highest speed attainable, and the party of the first part hereby guarantees that the speed developed by the vessel upon this trial shall be not less than an average of  $29\frac{1}{2}$  knots an hour, to be determined by the average revolutions of the main shafts, according to the official standardization curve, but should the average revolutions on the four-hour trial exceed the mean revolutions of the five highest speed runs on the measured mile, the speed that will be considered as attained on the four-hour trial shall be only that attained as the mean speed of the five consecutive highest speed runs as determined by the progressive measured mile trial a as aforesaid. During this trial the steam pressure at the high-pressure turbine shall not exceed 240 pounds above atmosphere. Careful record shall be made of the fuel oil and water consumptions. This full-speed trial is to be made with the vessel weighted as specified hereinafter.



#### Four Hours at 24 Knots.

*c.* A fuel oil and water consumption trial of four hours in the open sea, in deep water, at an average uniform speed of twenty-four (24) knots as nearly as possible, the vessel to be weighted as specified hereinafter. Careful record shall be made of the fuel oil and water consumptions. All necessary auxiliaries shall be in operation, including all those usually required under service cruising conditions, and especially such dynamos as may be necessary for efficiently lighting the vessel, but the evaporating and distilling plant will not be in operation. The pumping system and forced draft air system will also be operated as required. Samples of the fuel oil used shall be taken during this trial by the party of the second part for purposes of analysis and determination of heating value.

#### At 15½ Knots.

*d.* A fuel oil and water consumption trial of four hours in the open set at an average uniform speed of fifteen and one-half (15½) knots as nearly as possible, the vessel to be weighted as specified hereinafter. This trial shall be made as nearly as possible under service cruising conditions with cruising engines connected and in use, and fuel oil and water consumptions for all purposes carefully determined.

#### 20-hour Endurance Test.

*e.* An endurance trial of twenty (20) hours in the open sea at an average uniform speed of fifteen and one-half (15½) knots as nearly as possible, following, as closely as possible, the trial prescribed in clause *d* and to be made under the same conditions as on that trial, with the cruising engines connected and in use. There need be no determination of fuel oil or of water consumption on this trial, the purpose of which is to determine the reliability and endurance of the cruising engines.

#### Fuel and Water Consumption 12 Knots.

*f.* A fuel oil and water consumption trial of four hours in the open sea with the cruising engines connected and in use, at an average uniform speed of twelve (12) knots as nearly as possible, the vessel to be weighted as specified hereinafter. Careful record shall be made of the fuel oil and water consumptions for all purposes.

#### Backing Test.

*g.* Trials to determine the ability of the vessel to back satisfactorily at full speed and at cruising speed. There will be one such trial to determine the time required to bring the vessel dead in the water, and the distance head reached, when staming ahead at 29½ knots.



There will be one or more trials as may be considered necessary by the trial board to determine the ability to back promptly when steaming ahead at about fifteen (15) knots, with the cruising engines in use. These latter trials are particularly intended to determine the efficiency of the methods provided for disconnecting the cruising engines on backing, or the practicability of running the cruising engines backward.

On trials *a, b, c, d, f* and *g*, in addition to the determination of fuel oil and water consumption, there shall be recorded by representatives of the trial board such data as are considered by the board to be of professional interest.

On trials *b, c, d* and *f* there shall be determined, in manner as directed by the trial board, the amounts of water used for make up feed.

#### Revolution Counters, etc.—Temporary Tanks—Oil-measuring Apparatus.

The party of the second part will supply special revolution counters and test the torsion apparatus on the shafts provided by the party of the first part at its works as necessary for the purpose of determining the shaft horsepowers on each trial, but the party of the first part will furnish the torsion apparatus and all labor and material necessary for the installation of all apparatus furnished by the party of the second part and for the tests of the shafts. The party of the first part will provide and install temporary tanks, piping, and all connections in such manner as may be prescribed by the Secretary of the Navy for ascertaining the fuel oil, water, and make up feed water consumption and all other appliances and apparatus necessary to ascertain the shaft horsepowers on each trial and the fuel oil, water, and make up fuel water consumptions on each of trials *b, c, d* and *f*: Provided, That if on trial *b* it shall be found impracticable to maintain the guaranteed speed of 29½ knots an hour and at the same time make the prescribed tests for determining fuel oil and water consumption, such fuel oil and water consumption tests may be discontinued, but they shall be made subsequently under the conditions originally contemplated and at the expense of the party of the first part. The party of the first part will provide such appliances as may be directed for determining the fuel oil consumptions.

#### Fuel Oil Consumption Guarantees.

The party of the first part hereby guarantees that the fuel oil consumption, including that necessary for all auxiliaries in use on the trial, shall not exceed on trial *b*, 705 pounds, on trial *c*, 445 pounds, on trial *d*, 213 pounds, and on trial *f*, 170 pounds of fuel oil per knot run.

#### Displacement—Ballast—Excessive Displacement.

The mean trial displacement of the vessel shall be that corresponding to the vessel complete, with all permanent and portable fittings

of every kind, with all machinery and all auxiliaries, both steam and electric, piping tools, spare parts, etc., complete, as usually carried on board in service; with outfits of all kinds complete and two-thirds the full supply of stores, as furnished by the party of the first part under the contract and specifications, with 205 tons of fuel oil; with 12.33 tons of feed water for steaming purposes; with 9.73 tons of fresh water for drinking purposes; with 2 tons galley coal, and with the following items furnished by the Government: Battery complete, including torpedo tubes, guns, mounts, etc., 32.67 tons; ammunition, including torpedoes, 21.82 tons; equipment furnished by the Government including anchors, chains, hawsers, etc., 10.64 tons; outfits furnished by the Government, including boats, portable furniture, cooperage, and blocks, 4.19 tons; supplies and stores furnished by the Government, under the Bureaus of Supplies and Accounts, Construction and Repair, Navigation, Medicine and Surgery, Steam Engineering and Ordnance, 8.52 tons; officers, crew, and effects, 10.01 tons. Should the vessel not be provided at the time of the trials with all the actual parts or objects forming the total weight as above enumerated, the party of the first part shall put suitable fixed ballast in

72 such positions as may be directed to make up the weights to the total amount required to be carried by the vessel as aforesaid. Should any parts of the vessel, her outfit and stores to be furnished by the party of the first part, be not completed at the time of the trials, fixed ballast will be placed on board in suitable positions to represent the weight of such unfinished parts as shall not have been placed on board the vessel. The weights of all temporary installations for purposes of trial, including tanks, piping, etc., for determining the fuel oil and water consumptions will be considered as part of the ballast weights. Should the vessel, as prepared for trial with the above enumerated weight, exceed the designed displacement on trial of the Department's design the party of the first part will be required to run the trials at such increased displacement: Provided, that if any changes in the plans or specifications are proposed and executed by the party of the second part, resulting in a net increased weight by reason of such changes, a corresponding deduction from the amount of ballast or fuel oil required to be carried on trial shall be made equivalent to such net increased weight owing to changes proposed by the party of the second part.

#### Displacement on All Trials.

The mean trial displacement having been defined above, it is mutually understood, covenanted, and agreed that the displacement on trial *a* shall be so fixed that the displacement at the time of the third run of the five consecutive highest speed runs over the measured mile shall be, as nearly as may be, the mean trial displacement. On trials *b*, *c*, *d* and *f* the displacement at the beginning of each trial shall be the above-defined mean trial displacement, plus one-half of the estimated fuel oil, water, and other consumables necessary for the trial.

If, at and upon said trials there shall be any failure of the vessel to meet fully the requirements of this contract, the party of the first part shall be entitled to make further trials, sufficient in number to reasonably demonstrate her capabilities: Provided, That the number of trials shall be determined and limited by the Secretary of the Navy, and that all the expenses of all trials prior to the preliminary or the conditional acceptance of the vessel, including the subsistence of all persons ordered to proceed on the vessel for the purposes of the trials, shall be borne by the party of the first part; and said vessel shall be accepted only on condition that she shall be found to be strong and well built and in strict conformity with this contract, and the working of her machinery in all its parts to the satisfaction of the Secretary of the Navy.

Preliminary Acceptance—Special Reserve—Conditional Acceptance.  
Reserve Fund—Rejection.

Thirteenth. If, at and upon the trials before mentioned, the foregoing requirements and conditions shall be fulfilled, and if the speed guaranteed as aforesaid shall be developed and maintained as aforesaid, and if the fuel oil consumptions guaranteed by the party of the first part shall not be exceeded, then and in such case the vessel shall be preliminarily accepted, and payment of the last two installments of the price stipulated in this contract shall be made, subject, however, to a special reserve therefrom of twenty thousand dollars (\$20,000); but if the speed developed and maintained by the vessel on her four-hour high-speed trial shall fall below the speed guaranteed as aforesaid, but not below twenty-eight (28) knots an hour, she shall be conditionally accepted, subject to deductions from the price of the vessel on account of her failure to reach the speed guaranteed, as aforesaid, at the rate of fifty thousand dollars (\$50,000) a knot for failure on each of said trial: Provided, however, That

all the other requirements and conditions of this contract shall have been fulfilled; and, in case of such conditional acceptance, that the last two installments of the price of the vessel shall constitute a reserve fund that shall be applicable to or toward the satisfaction of such deductions, and shall be retained by the party of the second part for that purpose: And provided further, That if the vessel fails to exhibit an average speed of at least twenty-eight (28) knots an hour on the four-hour trial, it shall be optional with the Secretary of the Navy to reject her or to accept her at a reduced price and upon conditions to be agreed upon between the said Secretary and the party of the first part: And provided further, That if the fuel oil consumptions guaranteed as aforesaid be exceeded on either trial *b*, *c*, *d* or *f*, deductions shall be made from the contract price at the rate of sixty dollars a pound for the amount of such excess on trials *b* and *c* and one hundred and eighty dollars a pound on trials *d* and *f*, as determined by the trial board: And provided further, That if the failure to at-

tain the contract speeds on any of the foregoing trials is clearly due to displacement in excess of 1,036 tons, the Secretary of the Navy shall have discretionary authority to make such remission of penalties therefor as may be definitely attributable to such excess weights of hull and fittings as may be shown to have been entirely beyond the control of the party of the first part after exercising all possible care and diligence in the construction of the vessel and its fittings in conformity with the plans and specifications.

After the above-mentioned trials have been completed, the vessel shall be returned to the works of the contractor and the machinery shall be opened for such post-trial examination as the trial board may direct.

#### Final Trial—Six Months.

In case of a preliminary acceptance of said vessel, the said special reserve of twenty thousand dollars (\$20,000), or, in case of a conditional acceptance of the vessel, the said reserve fund, or so much thereof as may, in the judgment of the Secretary of the Navy, be necessary, shall be held until the vessel has been finally tried, after being fully equipped, armed, or weighted correspondingly, and in all respects complete and ready for sea, under conditions prescribed or approved by the Secretary of the Navy: Provided, That such final trial shall take place within six months and ten days from and after the date of the preliminary or the conditional acceptance of the vessel, and that the expenses thereof shall be borne by the party of the second part.

#### Defects Made Good—Representative During Trial.

If at and upon such final trial, or at any time within six months and ten days after the preliminary or the conditional acceptance of said vessel, such final trial not having taken place, any weakness, defect, failure, breaking down, or deterioration in the vessel, other than that due to fair wear and tear, shall appear, it shall be corrected and repaired to the satisfaction of the Secretary of the Navy at the expense of the party of the first part; and the party of the first part may, if it so desires, have an engineer of its own selection present in the engine room of said vessel at any time or times during said period, who shall have full opportunity to observe and inspect the working of the machinery in all its parts, but without any directing or controlling power over the same, and in case such engineer shall be a civilian his compensation shall be paid by the party of the first part.

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#### Final Acceptance.

If said vessel be not in readiness for such final trial within six months and ten days from the date of her preliminary or conditional acceptance, through no fault or delay on the part of the party of the first part, and if there shall have appeared no weakness, defect, failure, breaking down, or deterioration in the vessel, other than that

due to fair wear and tear, then she shall be finally accepted, and the said special reserve, or the surplus, if any, of the said reserve fund paid, subject, however, to deduction on account of any reductions that may be made in the price of the vessel under the provisions of this contract.

#### Contractor Notified of Defects.

The party of the first part shall be informed of all defects and deficiencies discovered prior to or during the final trial for which it is held responsible; and the decision of the Secretary of the Navy as to the responsibility of the party of the first part for such defects and deficiencies shall be final and binding on the parties to this contract. The actual cost of making good all defects and deficiencies for which the party of the first part is held responsible shall be deducted from the payment to be made in final settlement under the twenty-first clause of this contract: Provided, That in order to expedite such final settlement, if the work of remedying any of the reported defects and deficiencies shall not have been undertaken within six months and ten days from the preliminary or the conditional acceptance of the vessel, the estimated cost of making good such defects and deficiencies shall be ascertained and determined by the board on changes provided for in the third clauses of this contract and deducted in lieu of the actual cost of such items in final settlement as aforesaid.

#### Refund on Rejection.

In case of the rejection of said vessel for any of the causes provided for in this contract, the party of the first part shall refund to the party of the second part on demand, or within sixty days thereafter, all payments theretofore made to the said party of the first part for or on account of the construction of said vessel, and shall also return to the party of the second part in good and proper condition all equipment attached to or upon the vessel or in the possession of the party of the first part furnished by or received from the party of the second part, or reimburse the cost thereof to the party of the second part.

#### Responsibility for Changes.

Fourteenth. The party of the second part having adopted, as foundation for this contract, drawings, plans, and specifications of a vessel that it has reason to think would, if properly carried out, result in the production of a speed of not less than 29½ knots an hour, assumes no responsibility with reference thereto, and should it appear to the Secretary of the Navy that any of the dimensions or features of any parts of the design imposed by the party of the second part are such as to render the speed required by this contract impracticable of attainment, the party of the second part will consider any changes suggested by the party of the first part either as to hull or machinery,

and, as the responsibility is with the party of the first part, will feel it to be its duty to deal liberally with any proposed changes, so long as the size, strength, and character of the vessel shall remain substantially the same: Provided, That the effect upon the speed of such dimensions or features of the design imposed by the party of the second part could not reasonably have been known to or anticipated by the party of the first part at the time of the award of this contract; changes in plans or specifications involving increased or decreased expense to be dealt with as provided for in the third clause of this contract.

#### 78 Forfeiture of Contract—Title to Vessel—Inventory.

Fifteenth. It is further mutually understood, covenanted, and agreed that in case of the failure or omission of the party of the first part at any stage of the work prior to its completion, from any cause or causes other than those specified in the tenth clause of this contract, to go forward with the work and make satisfactory progress toward its completion within the period prescribed, the party of the second part may declare this contract forfeited. In case such forfeiture shall be declared, the title to said vessel, or so much thereof as shall have been completed, and to all materials on hand applicable thereto, shall forthwith vest in the party of the second part, subject, however, to rejection as hereinafter provided for; and the party of the second part may immediately enter the works and premises of the party of the first part and take possession of said vessel and materials. The Secretary of the Navy shall thereupon cause to be taken and filed a full and complete statement and inventory of all work done or begun in, upon, or about said vessel, and of all materials on hand applicable thereto, by a board consisting of not less than five persons, qualified by knowledge and experience for the discharge of their duties, to be appointed by the Secretary of the Navy, which board shall proceed without unnecessary delay to examine such work and materials, and upon such examination the party of the first part may attend, by representative, and if it so desires, by counsel, and submit such evidence as the board may deem proper.

#### Completion—Removal—Surrender of Plant.

Sixteenth. Upon receipt of the report and inventory of said board, and upon its approval thereof, the party of the second part may proceed with the completion of said vessel in accordance with this contract, either at the works of the party of the first part or elsewhere, by contract or otherwise, in its discretion, using for that purpose all suitable materials on hand and included in the inventory aforesaid, and may remove said vessel and materials to such other place or places as may be requisite to the exercise of such discretion, and the party of the first part does hereby for itself, and its successors and assigns, and its legal representatives, covenant and agree to and with the party of the second part that, on receiving notice of the intention of the party of the second part to proceed with the

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completion of the work, it will surrender said vessel and all materials on hand, together with the use, if required, of the yard or plant, and all machinery, tools, and appliances appertaining thereto and theretofore used or necessarily to be used, in and about the finishing of the work. The completing of the vessel shall be carried on without unnecessary delay, and shall be at the risk and expense of the party of the first part, which party shall be chargeable with any increase in the cost of materials or labor incurred by reason of its failure to perform this contract, and with the cost of making good any improper or defective work discovered in such parts of the vessel as may have been constructed by it, or replacing any defective material furnished by it.

#### Account Stated.

Upon the final settlement of the liability of the party of the first part an account shall be stated substantially as follows:

The party of the first part shall be charges—

1. With all payments made to it under this contract, less such payments, if any, as may have been refunded.
2. With the cost of materials and labor and all other expenses incurred by or on behalf of the party of the second part in  
80 finishing the work in accordance with the contract and specifications and changes duly authorized at the time of forfeiture.
3. With such deductions for delay in completion, for overweight of machinery, and for failure to attain the speed required under this contract as the Secretary of the Navy shall deem proper under all the circumstances, giving due consideration to the degree of completion of the vessel at the time of forfeiture.

#### Final Settlement.

If the total amount thus charged against the party of the first part shall be less than the price of the vessel, plus the net extras at the date of forfeiture, the difference shall be paid to and accepted by said party of the first part in full discharge of all claims under this contract, but if said amount shall exceed the contract price, plus net extras at the date of forfeiture, the party of the first part hereby covenants and agrees as aforesaid to pay such excess on demand.

#### Rejection on Forfeiture.

Seventeenth. In case the party of the second part should, however, decide not to proceed with the completion of said vessel, as aforesaid, it shall be rejected and the party of the first part shall thereupon and on notice thereof in writing be, and the said party of the first part does hereby, in consideration of the premises, for itself and its successors and assigns, and its legal representatives, acknowledge itself to be justly indebted to the party of the second part as for liquidated and ascertained damages in a sum equal to the aggregate amount of all payments theretofore made to it for or on account of



work done under this contract, and does further covenant and agree, as aforesaid, to refund the same on demand or within sixty days thereafter, and that the party of the second part shall and may hold as collateral security for such refund said vessel or so much  
81 thereof as shall then have been constructed and all materials furnished or on hand for the purposes of construction.

#### No Obligation to Accept Unless—

Eighteenth. It is mutually understood, covenanted, and agreed, by and between the respective parties hereto, that it shall not under any circumstances be obligatory upon the party of the second part to accept or pay for the vessel, or any part thereof, to be constructed under this contract, unless it shall have been completed in strict conformity with this contract, and in accordance with the provisions of the acts of Congress relating thereto, and that this qualification shall be deemed and taken as applicable and applying to each and every clause, covenant, and condition, express or implied, in this contract contained.

#### Not Transferable—Convict Labor.

Nineteenth. It is mutually understood, covenanted, and agreed, by and between the respective parties hereto, that this contract shall not, nor shall any interest herein, be transferred by the party of the first part to any other person or persons; and that in the performance of this contract no persons shall be employed who are undergoing sentences of imprisonment at hard labor.

Twentieth. It is mutually and expressly covenanted and agreed and this contract is upon the express condition that no officer of the Navy, nor any person holding any office or appointment under the Navy Department, is or shall be admitted to any share or part of this contract, or to any benefit to arise therefrom.

82 Twenty-first. The party of the second part, in consideration of the premises, does hereby contract, promise, and engage to and with the party of the first part, as follows:

#### Price.

1. The price to be paid for the vessel, to be constructed and furnished in accordance with this contract, shall be Seven hundred and fifty-six thousand, one hundred dollars (\$756,100).

#### Payments.

2. Payments shall be made by the party of the second part in twenty equal installments as the work progresses.

3. No payment shall be made except upon bills certified by the inspectors of hull and machinery of the vessel in such manner as shall be directed by the Secretary of the Navy, whose final approval of all bills thus certified shall be necessary before payment thereof.



4. All warrants for payments under this contract shall be made payable to the party of the first part or its order.

5. Payment of the last two installments shall not be made except as provided for in the thirteenth clause hereof.

#### No Liens.

6. When a payment is to be made under this contract, as a condition precedent thereto, the Secretary of the Navy may, in his discretion, require, for the protection of the party of the second part, evidence satisfactory to him, to be furnished by the party of the first part, that no liens or rights in rem of any kind against said vessel or its machinery, fittings, or equipment, or the material on hand for use in the construction thereof, have been or can be acquired, for or on account of any work done or any machinery fitting, equipment, or material already incorporated as a part of said vessel, or on hand for that purpose, or that such liens or rights have been either released absolutely or so subordinated to the rights of the Government as to make its lien for all payments paramount,

83 so as not to encumber or hinder in any way the right of the Government to accept or reject said vessel, and so as to become absolutely extinguished in case of the acceptance of the vessel; but it is hereby further stipulated, covenanted, and agreed by the party of the first part, for itself and on its own account and for and on account of all persons, firms, associations, and corporations furnishing labor and materials for said vessel, and this contract is upon the express condition, that no liens or rights in rem of any kind shall lie or attach upon or against said vessel or her machinery, fittings, or equipment or the materials therefor, or any part thereof or of either, for or on account of any work done upon or about said vessel, machinery, fittings, equipment, or materials, or of any materials furnished therefor or in connection therewith nor for or on account of any other cause or thing or of any claim or demand of any kind.

#### Final Payment—Release.

7. When all the conditions, covenants, and provisions of this contract shall have been performed and fulfilled by and on the part of the party of the first part, said party of the first part shall be entitled, within ten days after the filing and acceptance of its claim, to receive the said special reserve or the surplus, if any, of said reserve fund or so much of either as the said party of the first part may be entitled to, on the execution of a final release to the party of the second part, in such form and containing such provisions as shall be approved by the Secretary of the Navy, of claims against the United States arising under or by virtue of this contract.

#### Disputes.

Twenty-second. If any doubts or disputes arise as to the meaning of anything in the contract, drawings, plans, or specifica-

84 tions, or if any discrepancy appear between said drawings, plans, or specifications and this contract the matter shall be at once referred to the Secretary of the Navy for determination; and the party of the first part hereby binds itself and its successors and assigns and its legal representatives to abide by his decision in the premises.

In witness whereof, the respective parties hereto have hereunto set their hands and seals the day and year first above written.

THE WILLIAM CRAMP AND SONS  
SHIP AND ENGINE BUILDING  
COMPANY. [L. S.]

HARRY W. HAND, [L. S.]

*Vice-President.*

Attest:

CHAS. T. TAYLOR, *Secretary.* [L. S.]

THE UNITED STATES,  
By R. F. NICHOLSON, [SEAL.]  
*As Acting Secretary of the Navy.*

Signed and sealed in the presence of—

R. M. W.

H. I. C.

EDGAR H. MAY,

*As to R. F. Nicholson, Acting Secretary of the Navy.*

85 [Endorsed:] File No. 25,749. Supreme Court U. S. October term, 1916. Term No. 919. William Cramp & Sons Ship & Engine Bldg. Co., Petitioner, vs. International Curtis Marine Turbine Company et al. Stipulation of counsel and addition to record.

Filed March 2, 1917.

86 UNITED STATES OF AMERICA, ss:

[Seal of the Supreme Court of the United States.]

The President of the United States of America to the Honorable the Judges of the United States Circuit Court of Appeals for the Third Circuit, Greeting:

Being informed that there is now pending before you a suit in which International Marine Turbine Company and Curtis Marine Turbine Company of the United States are petitioners, and William Cramp & Sons Ship and Engine Building Company is respondent, and we, being willing for certain reasons that the said cause and the record and proceedings therein should be certified by the said Circuit Court of Appeals and removed into the Supreme Court of the United States, Do hereby command you that you send without delay to the said Supreme Court, as aforesaid, the

record and proceedings in said cause, so that the said Supreme Court may act thereon as of right and according to law ought to be done.

Witness the Honorable Edward D. White, Chief Justice of the United States, the twenty-third day of March, in the year of our Lord one thousand nine hundred and seventeen.

JAMES D. MAHER,  
*Clerk of the Supreme Court of the United States.*

88 [Endorsed:] File No. 25,749. Supreme Court of the United States. No. 919, October Term, 1916. William Cramp & Sons Ship and Engine Building Company vs. International Curtis Marine Turbine Company. Writ of Certiorari. Received Mar. 30, 1917. Saunders Lewis, Jr., Clerk.

89 United States Circuit Court of Appeals for the Third Circuit, March Term, 1916.

No. 2126.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES, Petitioners,

vs.

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY, Respondent.

*Stipulation.*

It is hereby stipulated and agreed between the counsel for the respective parties in the above-entitled action, that the certified copy of the transcript of record and the amendment thereto on file in the Clerk's office of the United States Supreme Court on the petition for writ of certiorari herein shall stand as the return to the writ of certiorari issued herein by the United States Supreme Court to the United States Circuit Court of Appeals.

Dated, March 26, 1917.

(Signed)

CHARLES NEAVE,  
B.,  
*Counsel for International Curtis Marine  
Turbine Co. et al.*

(Signed)

CLIFTON V. EDWARDS,  
*Counsel for Wm. Cramp & Sons Ship &  
Engine Building Co.*

Endorsed: No. 2126. Stipulation.

Received and filed Mar. 31, 1917. Saunders Lewis, Jr., Clerk.

90 & 91 UNITED STATES OF AMERICA,  
*Eastern District of Pennsylvania,*  
*Third Judicial Circuit, set:*

I, Saunders Lewis, Jr., Clerk of the United States Circuit Court of Appeals, for the Third Circuit, do hereby Certify the foregoing to be a true and faithful copy of the original stipulation of counsel as return to the writ of certiorari in the case of International Curtis Marine Turbine Company and Curtis Marine Turbin Company of the United States, Petitioners, vs. William Cramp & Sons Ship & Engine Building Company, Respondent, on file, and now remaining among the records of the said Court, in my office.

In Testimony Whereof, I have hereunto subscribed my name and affixed the seal of the said Court, at Philadelphia, this fifth day of April, in the year of our Lord one thousand nine hundred and seventeen and of the Independence of the United States the one hundred and forty-first.

[Seal United States Circuit Court of Appeals, Third Circuit.]

SAUNDERS LEWIS, JR.,  
*Clerk of the U. S. Circuit Court of*  
*Appeals, Third Circuit.*

92 [Endorsed:] File No. 25,749. Supreme Court U. S., October Term, 1916. Term No. 919. William Cramp & Sons Ship & Engine Building Co., Petitioner, vs. International Curtis Marine Turbine Co. Writ of certiorari and return.

Filed April 7, 1917.

# Supreme Court of the United States

DOCKETED TERM, A. D. 1901

WILLIAM CRAMPTON & SONS SHIP &  
ENGINE BUILDING COMPANY,

*Plaintiff,*

INTERNATIONAL CURTIS MARINE  
TURBINE COMPANY and CURTIS  
MARINE TURBINE COMPANY OF  
THE UNITED STATES,

*Respondent.*

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## MOTION TO ADVANCE

CHARLES BRAVE,

WILLIAM O. McKNIGHT,

*Counsel for Respondent.*

IN THE  
Supreme Court of the United States,  
OCTOBER TERM, A. D. 1916.

WILLIAM CRAMP & SONS SHIP &  
ENGINE BUILDING COMPANY,  
Petitioner,

vs.

INTERNATIONAL CURTIS MARINE TUR-  
BINE COMPANY and CURTIS MARINE  
TURBINE COMPANY OF THE UNITED  
STATES,  
Respondents.

No. 919.

The respondents in the above entitled cause move the Court to advance said cause and set it down for hearing and argument with the case of *Marconi v. Simon*, No. 485, October Term, 1916.

The grounds of this motion are that each of said cases involves as its principal issue, the same question of law, viz., whether by virtue of the Act of June 25, 1910, entitled "An Act to Provide Additional Protection for Owners of Patents and for Other Purposes" (36 Stat. 851), the United States may by eminent domain take a license under any existing patent which license is broad and comprehensive enough to protect a private, independent contractor who makes the

patented device for the United States from liability to an injunction and a judgment for profits which the contractor has made or the damages the patent owner has suffered, in a suit brought under the Revised Statutes for infringement of the patent.

Each case also involves the question, if it be held that the United States has such power, of whether the United States has exercised that power by making certain contracts with an independent contractor. On this latter point the facts differ somewhat as suggested in the affidavit hereto annexed. It will assist this Court in considering the scope and method of exercising such a power, should it be held to exist, to have the facts in both of these cases before it at the same time. Furthermore, it is of great importance to the public at this time when so many Government contracts are being made, to have the liability of private contractors, for the use of patented devices in fulfilling Government contracts, definitely determined under the circumstances presented by each of these cases.

This Court will not be burdened or delayed in arriving at a decision in *Marconi v. Simon* by considering the case at bar at the same time, since the record is very short, containing merely the respondents' offer in evidence of certain contracts between the United States and the petitioner, the petitioner's objection thereto, and the proceedings before the Master, District Court and Circuit Court of Appeals upon said offer and objection.

Further facts showing in more detail the questions of law involved in each of the cases are set out in the affidavit hereto attached and made a part of this motion.

CHARLES NEAVE,

Counsel for Respondents.

IN THE  
SUPREME COURT OF THE UNITED STATES,

OCTOBER TERM, A. D. 1916.

WILLIAM CRAMP & SONS SHIP &  
ENGINE BUILDING COMPANY,  
Petitioner,

vs.

INTERNATIONAL CURTIS MARINE TUR-  
BINE COMPANY and CURTIS MARINE  
TURBINE COMPANY OF THE UNITED  
STATES,

Respondents.

No. 919.

To C. V. EDWARDS, Esq.,

Counsel for William Cramp & Sons

Ship & Engine Building Company :

Please take notice that on the 4th day of June, 1917, at 10:00 o'clock A. M., or as soon thereafter as counsel can be heard, we shall submit to the Supreme Court of the United States at its Court Room in the City of Washington, a written motion to advance the above cause and an affidavit of Charles Neave in support thereof, copies of which motion and affidavit are herewith served upon you.

CHARLES NEAVE,

Counsel for Respondents.



The undersigned hereby acknowledge receipt and due service of the foregoing notice and of a copy of motion and affidavit therein mentioned this 22d day of May, 1917.

CLIFTON V. EDWARDS,  
Counsel for Petitioner.

The undersigned counsel for the petitioner, William Cramp & Sons Ship & Engine Building Company, hereby consents to and joins in said motion.

CLIFTON V. EDWARDS.

IN THE  
SUPREME COURT OF THE UNITED STATES,

OCTOBER TERM, A. D. 1916.

WILLIAM CRAMP & SONS SHIP &  
ENGINE BUILDING COMPANY,  
Petitioner,

vs.

INTERNATIONAL CURTIS MARINE TUR-  
BINE COMPANY and CURTIS MARINE  
TURBINE COMPANY OF THE UNITED  
STATES,

Respondents.

No. 919.

**Affidavit of Charles Neave.**

STATE OF NEW YORK, }  
County of New York, } ss. :

CHARLES NEAVE, being duly sworn, deposes and says :

I am of counsel for respondents in the above entitled cause. The history of the proceedings therein is briefly as follows :

In April, 1909, the respondents as plaintiffs brought a suit in the District Court of the United States for the Eastern District of Pennsylvania, against the petitioner, as defendant for a threatened infringement of Letters Patent No. 566,969 relating to elastic fluid turbines, by contracting with the United States to build infringing

turbines for torpedo boat destroyers Nos. 30 and 31. The District Court dismissed the bill *pro forma*, without consideration of the merits. On appeal the Circuit Court of Appeals held the patent valid and infringed (202 Fed. Rep., 932). On *Certiorari* this Court ordered a reargument in the Circuit Court of Appeals on the ground that that Court was improperly constituted at the time of the hearing (228 U. S., 696). On such reargument the Circuit Court of Appeals again held the patent valid and infringed and ordered an accounting (211 Fed. Rep., 124). A second petition for *certiorari* was denied by this court (234 U. S., 755). The District Court entered a decree on mandate and appointed Hector T. Fenton, Esq., Master, to take the account of profits and damages.

The defendant filed a debit and credit account before the Master with reference to aforesaid torpedo boat destroyers Nos. 30 and 31. The plaintiffs, your respondents, then offered to prove similar subsequent infringing acts and for this purpose offered in evidence four contracts substantially alike, each dated September 7, 1911, between defendant and the United States for the construction of torpedo boat destroyers Nos. 47, 48, 49 and 50, and also called for the production of the drawings, plans, and specifications referred to therein and made a part thereof and for the proposal prepared by the defendant and submitted to the Government in connection with the bid for each of these. The plaintiffs proposed to show by these contracts that the turbines called for were substantially identical with those previously adjudged to infringe. The defendant objected to the admission or production of the evidence on the ground that,

“ The contracts on their face are subsequent to the passage of the Act of June 25, 1910, upon which date the Government acquired a license to use the invention of the patent in suit and consequently the making of these devices upon the order of the Government did not constitute an infringing transaction.”

The Master overruled the objection, but certified the question to the District Court. The District Court ordered the evidence excluded (232 Fed. Rep., 166). On petition for *certiorari*, the Circuit Court of Appeals for the Third Circuit entered the following order :

" Upon the petition of the plaintiffs for a writ of *certiorari* or mandamus and brief in support thereof, and after consideration, it is

" ORDERED, ADJUDGED AND DECREED that this Court will retain jurisdiction of this cause pending the hearing and determination by the Supreme Court of the United States of the case of *Marconi Company v. Simon*, now pending in said Court, but the United States District Court for the Eastern District of Pennsylvania is directed to enter an order directing the Master to proceed with the accounting herein with respect to contracts Nos. 47, 48, 49 and 50, and such other contracts as have been already offered in evidence by the plaintiffs.

Feb. 2, 1917.

JOS. BUFFINGTON,  
U. S. Judge."

In its opinion that Court said (238 Fed. Rep., 564) :

" The question passed upon by the Court below in that decision is as we view it involved in a case in the Second Circuit, *Marconi v. Simon*, 231 Fed. Rep., 1021. This latter case is now before the Supreme Court of the United States on *certiorari*, No. 485 of the October Term, 1916. As a decision therein will settle the case pending before us, it seems proper for this Court to await the action of the Supreme Court."

The respondents do not agree that the decision of the case of *Marconi v. Simon* will necessarily settle the present issue in this case, although they do agree that the principal question, which is entirely one of law, is the same in each case,

namely, whether by virtue of the Act of June 25, 1910, the Government may by eminent domain take a license under any existing patent, which will protect a private, independent contractor who undertakes to make the patented device for the Government, not only from an injunction to restrain infringement of the patent, but from the entry of judgment for profits or damages. However, if it be decided that the Government has such power, the question as to whether the Government has exercised it may arise under any of the following circumstances :

I. A Government officer, knowing that a certain device is patented, may draw plans and specifications of that patented device and invite independent contractors to bid for the contract to make it and accept such a bid. This is the situation presented by *Marconi v. Simon*, as shown by the following extract of the opinion of the District Court and the Circuit Court of Appeals in that case, 227 Fed. Rep., 906 ; 231 Fed. Rep., 1021 :

"Certain officers of the United States Navy drew plans and specifications for part of a radio apparatus which it was *physically impossible to comply with without infringing* (outright or by contribution) the aforesaid patent of the plaintiff. Duly authorized governmental authority then invited bids upon said plans and specifications. All bidders, as well as the draughtsmen of said plans and specifications, *were well aware of the existence of plaintiff's patent* and there must be conclusively imputed to them an intention to infringe or at least to perform acts which would constitute infringement in a private person." \* \* \*

"Viewed without regard to the Act of 1910, certain officers of the government deliberately committed the United States to an infringement of private rights ; *i. e.* an appropriation of private property. Pursuant to intent *they invited private citizens to assist* in the contemplated infringement and Simon consented to aid by manufacturing a compact and well arranged infringing article."

II. A Government officer wishes to have an article made for the use of the Government in which a patented device or an unpatented device can be used and calls for bids with proposed plans and specifications. He accepts a bid by a private contractor involving a patented device,

- (A) not knowing of the existence of the patent.
- (B) knowing of the existence of the patent, but believing the contractor to have a license.
- (C) knowing of the existence of the patent and knowing that the contractor has not a license.
- (D) specifying in the contract that the Government will take or will not take a license for the benefit of the contractor.

The case at bar involves a question as to whether any of the circumstances set forth in (A), (B), (C) and (D) present a different situation from that considered in *Marconi v. Simon*. I believe that it will be of material assistance to this Court to have these circumstance before it when it is considering the case of *Marconi v. Simon* and that it is of great importance to the public to know whether or not any of these circumstances would materially alter the situation presented by *Marconi v. Simon*.

Another reason for advancing the case at bar to be heard with *Marconi v. Simon*, is that the accounting in this case is stayed (not by formal order, but by the orally expressed wish of Judge BUFFINGTON) pending the determination of the present issue by the Supreme Court. It would be a great and unnecessary hardship on these respondents to have this accounting stayed long after all the substantial questions involved in the issue in this cause had been determined by its decision in *Marconi v. Simon*, No. 481, October Term, 1916, which, as I am advised, will be heard and decided probably a year or more before the case at bar No. 919, October, 1916, is reached for hearing. And also, the Respondents,

because of the present uncertainty as to whether they can recover profits or damages in this suit, and to fully protect their rights must at an early date (because of the running of the statute of limitations) enter suit in the Court of Claims against the Government for the recovery, under the provisions of said statute, of reasonable compensation for the use by the Government of their patented invention. Clearly the Respondents ought not to be put to the expense of beginning, and they and the Government of proceeding with, the trial of such suit if recovery is to be had in the present suit.

CHARLES NEAVE.

Sworn to before me this 22d }  
day of May, 1917. }

MAXWELL BARUS,

Notary Public.

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# **Supreme Court of the United States**

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OCTOBER TERM, 1922.

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**WILLIAM CRANE & SONS SHIP & ENGINE BUILDING  
COMPANY,**

*Respondent.*

**INTERNATIONAL CURTIS MARINE TURBINE COMPANY  
and CURTIS MARINE TURBINE COMPANY  
OF THE UNITED STATES,**

*Appellants.*

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## **BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.**

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**CHARLES NEAVE,**

**WILLIAM G. McENIGHT,**

*Of Counsel for Respondent.*

200077



**Supreme Court of the United States,**

OCTOBER TERM, 1916.

WILLIAM CRAMP & SONS SHIP AND  
ENGINE BUILDING COMPANY,  
Petitioner,

vs.

INTERNATIONAL CURTIS MARINE TUR-  
BINE COMPANY and CURTIS MARINE  
TURBINE COMPANY OF THE UNITED  
STATES,  
Respondents.

**BRIEF IN OPPOSITION TO PETITION FOR  
WRIT OF CERTIORARI.**

**History of the Proceedings.**

The history of the proceedings in this case leading up to the record in the Circuit Court of Appeals for the Third Circuit which this Court is now requested by the petitioner to review, is briefly as follows :

In April, 1909, the respondents, as plaintiffs, brought a suit in the District Court of the United States for the Eastern District of Pennsylvania, against the petitioner, as defendant, for infringement of Letters Patent No. 566,969, relating to

elastic fluid turbines. The Bill of Complaint charged a threatened infringement only, and alleged that the defendant did :

" \* \* \* offer in writing accompanied by plans and specifications to make for and to sell to the United States Government, elastic fluid turbines for propelling ships \* \* \* employing and containing the inventions set forth in each and all of the several Letters Patent ; that the offer so made by the defendant has been accepted by the United States Government ; that the defendant is at present under contract to make such infringing elastic fluid turbines ; that the work of construction of such infringing turbines is now being proceeded with by said defendant within the Eastern District of Pennsylvania and elsewhere in the United States for the purpose of furnishing the same to the United States Government under the said contract ; that all of said acts and doings by the defendant have been and are without license or allowance and against the will of your orators and in violation of their rights \* \* \* "

The contracts referred to were for the building of torpedo boat destroyers Nos. 30 and 31. The District Court dismissed the bill. On appeal the Circuit Court of Appeals for the Third Circuit held the patent valid and infringed and ordered an accounting for profits and damages, although in the exercise of its discretion, it denied an injunction (202 Fed. Rep., 932). The defendant then brought the record to the attention of the Supreme Court by a petition for a writ of *certiorari*. By this petition, the Court was asked to consider, among other matters, practically the same question now presented to it, since the turbines for torpedo boat destroyers Nos. 30 and 31 were not completed and delivered to the Government until after the passage of the Act of June 25, 1910, and hence, were first " used " by the United States after the passage of the Act.

The Supreme Court, instead of dismissing the bill and disposing of the whole litigation as it might have done had it been impressed with this point, granted the petition only on the ground that the Circuit Court of Appeals was improperly constituted at the time of the hearing, and ordered a reargument in the Circuit Court of Appeals (228 U. S., 646).

After the second argument in the Circuit Court of Appeals, another decision was rendered similar to the first in all respects (211 Fed. Rep., 124). Again the defendant filed a petition for a writ of *certiorari* with the Supreme Court and a second time raised substantially the same question which the defendant now, for the third time, presents to this Court for consideration. The petition was denied (234 U. S., 755).

The District Court entered a decree in accordance with the mandate of the Circuit Court of Appeals and appointed Hector R. Fenton, Esq., as Master to take the account of profits and damages (Rec., p. 3). In the proceedings before the Master, the defendant filed a debit and credit account with reference to the aforesaid torpedo boat destroyers Nos. 30 and 31. The plaintiff, your respondent, then offered to prove other and subsequent infringing acts, and for this purpose offered in evidence contracts each dated September 7, 1911, between the defendant and the United States for the construction of torpedo boat destroyers Nos. 47, 48, 49 and 50, and also called for the production of the drawings, plans and specifications referred to therein and made a part thereof, and for a proposal prepared by the defendant and submitted to the Government in connection with its bid for each of these contracts. These contracts are substantially alike and a copy of one of them is by stipulation of counsel added to the record. The plaintiff proposed to show by the contracts, plans and specifications, etc., that the turbines called for by contracts were substantially identical with those previously adjudged to infringe.

The defendant objected to the admission of said contracts

and to the production of said plans, drawings and specifications, and said proposal, on the ground that (Rec., p. 9):

"The contracts on their face are subsequent to the passage of the Act of June 25, 1910, upon which date the Government acquired a license to use the invention of the patent in suit and consequently the making of these devices upon the order of the Government did not constitute an infringing transaction."

The Master after hearing argument and re-argument of the question by counsel, overruled the objection, but at the request of defendant's counsel, certified the question to the United States District Court for the Eastern District of Pennsylvania for its opinion (Rec., pp. 11, 14, 6). The District Court filed a decision (Rec., p. 18) excluding the evidence and upon a rehearing adhered to its former opinion (Rec., p. 35). Thereupon the plaintiff filed a petition for a writ of *certiorari* or *mandamus* in the Circuit Court of Appeals for the Third Circuit (Rec., p. 44). On January 11, 1917, the Circuit Court of Appeals filed an opinion relating to said petition (Rec., p. 52) in which it stated that it would not decide the question at this time on the merits but would await the decision of the Supreme Court in the case of *Marconi vs. Simon*, No. 485 of the October Term, 1916. However, it instructed the court below to direct the Master to proceed in the meantime, with the accounting under the contracts Nos. 47, 48, 49 and 50. On February 2, 1917, an order was entered in the Circuit Court of Appeals in accordance with this opinion (Rec., p. 54). It is this exercise of discretion on the part of the Circuit Court of Appeals which the Supreme Court is now requested to review by this petition for *certiorari*.

For the following reasons, respondent believes that the Supreme Court should not review the matter at this time:

FIRST. The Circuit Court of Appeals has not passed upon

the merits of the question but has merely exercised its discretion as to how the proceedings before the Master, which it may eventually have to review upon appeal from the final decree, should be conducted.

SECOND. There is no necessity for determining the question at this time.

THIRD. The decision of this case depends upon the proper construction of the aforesaid contracts for torpedo boats Nos. 47, 48, 49 and 50, as well as upon the construction of said Act of June 25, 1910; and said contracts should be construed in the light of surrounding circumstances, which are not in evidence in the record as it is now presented to this Court.

**The Circuit Court of Appeals has not Passed upon the Merits of the Question but has merely Exercised Discretion as to how the Proceedings should be Conducted.**

As appears from its order (Rec., p. 54) and its opinion (Rec., p. 52), the Circuit Court of Appeals has not determined the merits of the question, but has merely exercised its discretion as to how the proceedings should be conducted. It is a familiar rule, that an upper court will not interfere with the discretionary orders of a lower tribunal unless such discretion has been abused. The Circuit Court of Appeals has not abused its discretion in this instance but has, on the contrary, made a wise use of it, for its order merely directs that the usual practice in taking evidence of new infringements before Masters be followed (see *infra*, pp. 8, 9), and there is no special circumstance of hardship of the defendant or of public interest which warrants departing from the usual procedure in this case (see *infra*, p. 6 *et seq.*). Moreover, if the evidence is taken as directed, the record in the Circuit Court of Appeals, after the decision of the Supreme Court in *Marconi vs. Simon*, may be amended, so as to show

the facts necessary to the proper construction of said contracts for torpedo boat destroyers 47, 48, 49 and 50 (see *infra*, p. 12). The taking of the evidence, therefore, would not be useless, as the petitioner argues, even if the Supreme Court affirms the decision in *Marconi vs. Simon*.

**There is No Necessity for Determining the Question at this Time.**

According to the petitioner, the question presented by this record is whether or not by virtue of the Act of June 25, 1910, the Government may not acquire by eminent domain the right or license to use the patent rights, if any, necessarily entering into the plans and specifications made a part of its contract and whether or not such license protects a contractor in so far as the contractor is required to follow said plans and specifications (p. 7 of Petition). If we assume the additional facts that the Government knew of the patent, initiated the plans and specifications, knew that the contractor did not have a license and put nothing in its contract to rebut an inference that it intended to take a license for the benefit of the manufacturer, then the question presented for decision in this cause would be the same as in the case of *Marconi vs. Simon*, now pending before this Court. But the record now before the Court in the case at bar shows nothing in regard to these additional facts, except that the Government's contract with Cramp contains many provisions which seem to show that the Government did not intend to take a license for the benefit of Cramp (See *infra*, p. 11). The public's interest in the question, as far as it could be satisfied by a consideration of the record now before the Court in this case, will be satisfied by the decision of this Court in *Marconi vs. Simon*, which is already pending before this Court. A consideration of the incomplete record in the case at bar would not be of any advantage

either to the Government or to prospective contractors with the Government.

In so far as the Navy Department is concerned, it will not be inconvenienced if the accounting is proceeded with, nor will any of its confidential matters be disclosed. Details as to the construction of the turbines in question have heretofore been published in the Journal of American Society of Naval Engineers, Vol. 26, No. 1, under the authority of Naval Officers and have been publicly and widely circulated. Even the petitioner's brief practically concedes this point on page 31, where it says :

"Although it may well be that the Government may not object to the disclosure of some or even all of this information, such matter <sup>only</sup> cannot be determined from time to time as information desired is called for."

The existence of any confidential matters seems well nigh impossible in view of the aforesaid publication. But should any exist the District Court for the Eastern District of Pennsylvania is quite as competent to protect the Government as the Court of Claims would be if the plaintiff were obliged to bring suit therein for compensation under the act of June 25, 1910. In such a suit the same specifications would be needed to establish the plaintiff's case. Moreover, in the pending suit, the Government may always, if it desires, intervene and protect its interests. *Firth Sterling Steel Co. vs. Bethlehem Steel Co.*, 216 F. R., 755.

The letter from Secretary Daniels (Exhibit F, printed at page 28 of the Petition) was evidently written under a misapprehension of the present state of the record in this case. That letter says :

"Referring to the fact that the Circuit Court of Appeals for the Third Circuit has directed an accounting to proceed against you for transactions under your

contracts with this Department for the construction of torpedo boat destroyers Nos. 47 to 50, you are advised that the Department considers it of great importance that a determination of the matter by the Supreme Court be obtained *with the facts before it as developed in the suit against you, so as to show the disadvantages and hindrances to the Department resultant from proceedings between private parties that involve publicity of the confidential transactions and operations.*"

The record now presented to this Court for consideration by the petitioner contains none of the facts to which Secretary Daniels refers, as it exhibits nothing but the interlocutory decree, the offer of these contracts in evidence to the Master, the defendant's objection thereto and the various legal proceedings had upon said objection, and by amendment is added one of the contracts offered, however, without the plans and specifications. The Supreme Court on this record will not have the "facts before it," showing "the disadvantages and hindrances to the Department, etc." Such facts, if they exist, can only be brought before this Court by proceeding with the accounting as the Circuit Court of Appeals has directed.

In so far as the inconvenience to this particular defendant from proceeding with the accounting is concerned, it is no greater in this instance than in the usual case where evidence as to new infringement is taken before a Master over the defendant's objections, which objections may ultimately be sustained by the Court or Court of Appeals. It is a well settled rule that the Master should take such evidence of alleged new infringements as nearly as may be to the date of his report (*Welsbach Light Co. vs. Sunlight Incandescent Light Co.*, 87 Fed., 220, 221; *Brown Bag Filling Machine Co. vs. Drohen*, 171 Fed., 439; *Walker Patent Pivoted Bin Co. vs. Miller*, 146 Fed., 250; *Edison Electric Light Co. vs. Westinghouse Electric & Manufacturing Co.*, 54 Fed., 505; *Wooster vs. Thornton*, 26 Fed., 274). And, more-



over, it is a settled rule that he should take such evidence even if he deems it objectionable (as he did not in this case), in order that the Court, upon the filing of his report, may have the whole case before it and be able to pass final judgment upon all the issues (*Chadeloid Chemical Co. vs. Chicago Co.*, 173 Fed., 797; *In Re Automatic Musical Co.*, 207 Fed., 334; *Blease vs. Garlington*, 92 U. S., 1). It follows that if the Master excludes such evidence, the Court will consider the matter at once upon a motion for instructions. *Walker Patent Pivoted Bin Co. vs. Miller*, 146 Fed., 249; *Celluloid Manufacturing Co. vs. Cellonite Manufacturing Co.*, 40 Fed., 476. But if the evidence is taken over objection, the Court will not consider the matter until it is properly raised by exception to the Master's report when filed (*Hoe vs. Scott*, 87 Fed., 220). It is clear that the risk of hardship on the defendant in the case at bar is no greater than that which the established practice, above outlined, has shown to be preferable to delays in proceedings before Masters, and to the filing of incomplete Master's reports.

**The Decision of This Case Depends Upon the Proper Construction of the Contracts for Torpedo Boat Destroyers Nos. 47, 48, 49 and 50 as Well as Upon the Construction of said Act of June 25, 1910; and Said Contract Should be Construed in the Light of Surrounding Circumstances Which are Not in Evidence in the Record as it is Now Presented to This Court.**

Assuming that by virtue of the Act of June 25, 1910, the Government may take by eminent domain a right to make and use any patented device, the question of whether the Government has elected to exercise that right may present itself in several aspects.

I. A duly authorized Government officer may himself make and use the patented device. This was the situation in *Crozier vs. Krupp*, 224 U. S., 290.

II. A duly authorized Government officer, knowing that a certain device is patented, may draw plans and specifications of that patented device and invite independent private contractors to bid for the contract to make it and accept such a bid. This is the situation presented by *Marconi vs. Simon*, now pending before the Supreme Court. In this connection, the District Court and Circuit Court of Appeals said, 227 Fed. Rep., 906; 23/7/1021 :

" Certain officers of the United States Navy drew plans and specifications for part of a radio apparatus which it was *physically impossible to comply with without infringing* (outright or by contribution) the afore-said patent of the plaintiff. Duly authorized governmental authority then invited bids upon said plans and specifications. All bidders, as well as the draughtsmen of said plans and specifications, *were well aware of the existence of plaintiff's patent* and there must be conclusively imputed to them an intention to infringe or at least to perform acts which would constitute infringement in a private person." \* \* \*

" Viewed without regard to the Act of 1910, certain officers of the government deliberately committed the United States to an infringement of private rights ; i. e., an appropriation of private property. Pursuant ~~to~~ intent *they invited private citizens to assist* in the contemplated infringement, and Simon consented to aid by manufacturing a compact and well arranged infringing article."

In this situation, it is clear that if the Government can appropriate a right to have a private manufacturer make a patented device for it, it does so unless the contract specifically states that the Government does not intend to make itself liable in the Court of Claims, and expects the manu-

facturer to make his own arrangements for the use of the patent.

III. A duly authorized Government officer wishes to have an article made for the use of the Government in which a patented device or an unpatented device can be used and calls for bids with proposed plans and specifications. He accepts a bid involving a patented device,

(A) not knowing of the existence of the patent.

(B) knowing of the existence of the patent, but believing the contractor to have a license.

~~(C) knowing of the existence of the patent and knowing that the contractor has not a license.~~

(D) specifying in the contract that the Government will take or will not take a license for the benefit of the contractor.

IV. A duly authorized officer of the Government contracts for the manufacture of an article which may or may not involve patented devices and which can be manufactured according to such plans and specifications as form part of the contract without the use of any patented device.

The case at bar, so far as the record now before the Court shows, may present the situation III. (A), (B), (C), (D), or even IV. In case IV., it seems too clear for argument that the Government has not taken a license for the benefit of the contractor. In case III. (D), it is clear that the Government is not obliged to take a license for the benefit of the contractor if it specifies in its contract that it does not do so. Although the contract in the case at bar does not say this in so many words, it contains many provisions which strongly imply it. For example, in the eighth paragraph of the contract, the contractor agrees to save the Government harmless from any demands on account of the use of any patented invention on the boats to be built. It may be urged that this provision is not conclusive on the point, for conceivably this might mean that the contractor

should save the Government harmless by defending suits brought by the patentees against the United States in the Court of Claims. But this improbable interpretation is rebutted by the provisions of other paragraphs, such as the thirteenth, which provides for the rejection of the vessel if it fails to meet certain requirements. The Government would not wish to make itself primarily liable for the use of patented devices in a vessel which it might reject. And this is further shown by other paragraphs which contain elaborate provisions for security against every conceivable default of the contractor except his failure to save the Government harmless from suits brought by patentees in the Court of Claims. There is no language in the contract indicating that the Government intended to take a license for the contractor, it being in almost exactly the same language that the Government used in making similar contracts before the passage of the Act of June 25, 1910. Such prior contracts, however, are not in the record now presented to the Court.

Since the provisions of the contracts for torpedo boat destroyers are not absolutely conclusive as to the intention of the Government not to take a license for the benefit of the defendant, evidence of the surrounding circumstances should be taken, to assist in properly construing the provisions of the contract on this question ; evidence should be taken to show that the contracts were in the same form used before the Government had the power to take licenses, etc.

Evidence should also be taken to show whether the Government knew of the existence of the patent and that the contractor did not have a license, as in case III (C) *supra*, or whether it knew of the existence of the patent but believed the contractor to have a license as in case III (B) *supra*, or whether it did not know of the existence of the patent at all, as in case III (A) *supra*.

It follows that the Circuit Court of Appeals was wise in directing that the evidence be taken in this case. When the

evidence is taken the Court will have all the facts before it necessary to a proper determination of the cause. This petition for a writ of *certiorari* should therefore be denied for the reason that the evidence now before this Court upon the record filed with the petition is insufficient to enable the Court to properly dispose of the question on its merits.

Respectfully submitted,

CHARLES NEAVE,

WILLIAM G. McKNIGHT,

Counsel for Respondents.

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No. 9 393

Office Supreme Court, U. S.

FILED

FEB 5 1917

JAMES D. MAHER

CLERK

**Supreme Court of the United States**

OCTOBER TERM, 1916.

WILLIAM CRAMP & SONS SHIP & ENGINE  
BUILDING COMPANY,

*Petitioner,*

vs.

INTERNATIONAL CURTIS MARINE TURBINE COM-  
PANY AND CURTIS MARINE TURBINE COMPANY OF  
THE UNITED STATES,

*Respondents.*

**PETITION FOR WRIT OF CERTIORARI AND  
BRIEF IN SUPPORT THEROF.**

CLIFTON V. EDWARDS,  
ABRAHAM M. BEITLER,  
*Of Counsel for Petitioner.*

# SUPREME COURT OF THE UNITED STATES.

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WILLIAM CRAMP & SONS SHIP &  
ENGINE BUILDING COMPANY,  
Petitioner,

vs.

INTERNATIONAL CURTIS MARINE  
TURBINE COMPANY and CURTIS  
MARINE TURBINE COMPANY OF  
THE UNITED STATES,  
Respondents.

October  
Term,  
1916,  
No.

Sirs:

Please take notice that on Monday, March 5th, 1917, at the opening of the Court on that day, or as soon thereafter as counsel can be heard, the petition for writ of certiorari hereto annexed will be submitted to the Supreme Court of the United States at the City of Washington, D. C., and the Petitioner will move the Court for the relief prayed for therein. In support of said petition a brief will also be presented to the Court. A copy of the petition and of the brief are herewith served upon you.

New York, January 30, 1917.

Respectfully,

CLIFTON V. EDWARDS,

Attorney and of  
Counsel for Petitioner,  
No. 2 Rector Street,  
New York City.

To:

MESSRS. FISH, RICHARDSON, HERRICK & NEAVE,  
Attorneys for Respondents,  
5 Nassau Street,  
New York City.

Due service of the foregoing notice and of the  
copies referred to therein is hereby admitted  
this            day of February, 1917.

.....  
Attorneys for the Respondents.



SUPREME COURT OF THE UNITED  
STATES.

OCTOBER TERM, 1916.

WILLIAM CRAMP & SONS SHIP &  
ENGINE BUILDING COMPANY,  
Petitioner,

vs.

INTERNATIONAL CURTIS MARINE TUR-  
BINE COMPANY and CURTIS MARINE  
TURBINE COMPANY OF THE UNITED  
STATES,

Respondents.

**PETITION FOR WRIT OF CERTIORARI FROM  
THE SUPREME COURT OF THE UNITED  
STATES TO THE UNITED STATES CIR-  
CUIT COURT OF APPEALS FOR THE  
THIRD CIRCUIT.**

To the Honorable Chief Justice and Associate  
Justices of the Supreme Court of the United  
States:

Your petitioner, William Cramp & Sons Ship &  
Engine Building Company, respectfully represents  
as follows:

1. On or about the 24th day of May, 1916, the  
respondents herein filed in the United States Cir-  
cuit Court of Appeals for the Third Circuit a peti-  
tion for writ of certiorari, or writ of mandamus,  
or other appropriate order from the said Circuit  
Court of Appeals for the Third Circuit to the Dis-  
trict Court of the United States for the Eastern

District of Pennsylvania, which would in effect reverse a decision of the said District Court declining to take an account of alleged profits and damages in an action for infringement of a patent, by reason of defendant having, subsequent to the passage of the Act of Congress, approved June 25, 1910, to wit, on Sept. 7, 1911, entered into, and subsequently proceeding to carry out the provisions of an agreement with the Navy Department to build certain torpedo boat destroyers, known as Nos. 47, 48, 49 and 50, and engines therefor in accordance with the plans, specifications and drawings of the Navy Department specified by and made part of said contract, and which said plans, specifications and drawings cannot be complied with without doing that which respondents charge to be an infringement of their said patent.

2. The said Circuit Court of Appeals, on or about Jan. 11, 1917, filled an opinion directing the said accounting to proceed against the said transactions under said contracts 47, 48, 49 and 50 aforesaid. A copy of the opinion of the said Circuit Court of Appeals in annexed hereto and marked Exhibit A.

3. The suit in which the said accounting proceeding was directed was brought in the Circuit Court of the United States for the Eastern District of Pennsylvania on April 9, 1909, by the respondents herein, as plaintiffs, against your petitioner as defendant, and charged defendant with infringement of certain Letters Patent of the United States. In said proceeding the allegations of the bill and the testimony taken thereunder were confined solely to acts of petitioner committed prior to the passage of the Act of June 25,

1910, under certain contracts entered into October 1, 1908, between petitioner and the United States. The proceedings resulted in the entry of a decree by the District Court on or about May 1, 1914, in the usual form, finding infringement of said Letters Patent and directing generally an accounting against infringing transactions. A copy of said decree is annexed and marked Exhibit B. In the accounting proceedings under said decree, the plaintiffs therein (respondents herein) moved, on or about October 27, 1914, that the Master treat as infringing transactions and include within the accounting the acts of the defendant therein (petitioner herein) in entering into, on September 7, 1911, certain contracts with the Navy Department to build certain torpedo boat destroyers, known as Nos. 47, 48, 49 and 50, and building the engines thereof, in accordance with the plans, specifications and drawings of the Navy Department specified by and made part of said contracts, which said plans, specifications and drawings could not be complied with without doing that which respondents charged to be an infringement of their patent. Against petitioner's objection that such new transactions, occurring after the passage of the Act of June 25, 1910, were not "infringing" transactions, and therefore not within any decree, and that the Act of June 25, 1910, as construed by this Court in the case of *Crozier v. Krupp*, 224 U. S., 290, "provides for the appropriation of a license to use the inventions, the appropriation thus made being sanctioned by the means of compensation for which the statute provides," the Master nevertheless held that such transactions were not licensed transactions and ordered the defendant to account therefor as though the transactions were in infringement of the patent. Upon

petitioner's application to the District Court, that Court, following the decision of the Circuit Court of Appeals for the Second Circuit in the case of *Marconi Wireless Telegraph Co. v. Simon*, 231 F. R., 1021, overruled the Master and directed that the defendant's (petitioner's) objection be sustained, without prejudice to the right of the plaintiffs to proceed by separate bill, or in the Court of Claims, against any of the alleged infringing acts. Copies of the two opinions filed by the District Court are annexed and marked Exhibits C and D.

4. That in the said case of *Marconi Wireless Telegraph Co. v. Simon*, this Court on or about June 13, 1916 (241 U. S., 676), granted a writ of certiorari directing the said cause to be brought to this Court for review, and your petitioner is informed and believes that the said cause has been duly docketed in this Court and is now awaiting argument herein, being No. 485 upon the calendar for the October Term, 1916.

5. That the said plans and specifications forming part of said contracts with the Navy Department for said destroyers 47, 48, 49 and 50 have been delivered to petitioner under injunction of secrecy, the Navy Department instructions to petitioner covering the same, reading substantially as follows:

"You will also please note the Bureau's instructions regarding the confidential nature of these plans and specifications, and will exercise every possible precaution to prevent unauthorized persons, and persons not citizens of the United States, from having access

to same or to any other information concerning this vessel. You will also take receipt in duplicate from your employees to whom copies of the specifications may be intrusted, forwarding these receipts to this office for record. The blank receipts for this purpose are bound in each copy of the specifications."

Your petitioner also states that this application is made in conformity with the desire of the Navy Department, as indicated in a letter from the Secretary of the Navy filed herewith, a copy of which is printed herewith and marked Exhibit F.

6. That the said direction of the Circuit Court of Appeals for an accounting, although in the form of an interlocutory order, is, nevertheless, your petitioner respectfully submits, in all its reality a final direction granting in advance all the relief prayed for by the said petitioner in what was virtually a new cause of action, for under such direction defendant must actually undergo the accounting as fully as though the transactions in question had after trial been decided to be unlawful. Such an accounting proceeding would involve the disclosure of privileged and confidential matter relating to the transactions of petitioner with the Navy Department, including the aforesaid plans, specifications and drawings delivered to petitioner under injunction of secrecy by the Navy Department as aforesaid, as well as certain details of calculations and design of turbine manufacture, and would be expensive and vexatious to the defendant far beyond any costs that might thereafter be awarded in compensation thereof; all of which, your petitioner submits, would be detrimental to the public interests, and also unjust to petitioner.

Your petitioner is amply able to respond in any sum of damages and profits that might ultimately be awarded against it, if any; whereas, if plaintiffs are not permitted to proceed to an accounting against said contracts 47, 48, 49 and 50, until after a decision of this Court, they will suffer nothing more than a short delay in the collection of money damages. Moreover, under the order of the District Court, plaintiff's are entirely free to proceed forthwith against all transactions of the character complained of or passed upon by the Court up to the time of entering its interlocutory decree, and against transactions with others than the United States Government, if any, subsequent to the passage of the Act of June 25, 1910; and they are also free to proceed against the vessels here in question in such manner as to require a determination of the legal question involved before putting defendant and the public to the great harassment of an accounting proceeding.

7. That your petitioner represents that the question involved herein is solely a question of law, the respondents' right to an accounting, if any, being predicated upon the proposition that the Government may not acquire, by eminent domain, a right or license to use the patent rights if any, necessarily entering into the plans and specifications made part of its contract, and that such license did not protect your petitioner in so far as petitioner was required by its contract to follow said plans and specifications; that this question is presented for decision in the aforesaid case of *Marconi Wireless Telegraph Co. v. Simon*, in which this Court has granted a petition for writ of certiorari, and is covered by one

or more of the statements set forth in paragraph 7 of the petition of the said Marconi Company for said writ of certiorari (No. 485, October Term, 1916), as follows: —

(a) Does the said Act of Congress of 1910, as construed by this Court in the case of *Krupp vs. Crozier*, 224 U. S., 290, confer on the United States government a license under patents granted by the United States and admittedly valid, without the consent of the owner of the patent, including the right to license individual contractors to make and sell apparatus to the Government to such an extent as to deprive the District Courts of jurisdiction of suits brought against such contractors?

(b) Does the Act of 1910 confer a right and license on contractors engaged in supplying apparatus to the United States Government or its Departments to appropriate, without the patentee's consent, any and all inventions protected by letters patent owned by others as may be necessary in carrying out their contracts, and make them immune not only to suits for injunctions, but also to suits seeking an account of profits which they make as makers and vendors of such patented apparatus, and an assessment of damages which the owner of the patent may sustain by reason of the infringement?

(c) Was it the purpose of the Act of 1910 to provide compensation for compulsory licenses in favor of the United States and contractors with it, under patents, the inventions of which the United States and such contractors may appropriate, and at the same time to provide that the United States may deny the title, validity or existence of the patent property appropriated by

it, in a suit against it under the Act for compensation for such appropriation by it?

(d) Does the Act of 1910 take away from the owners of patents the right [if any] theretofore had to sue infringing contractors with or vendors to the United States Government and to obtain injunctions restraining such contractors and vendors from infringement, and to recover damages and profits from them?

(e) Is the Act of 1910 an enlarging and remedial statute giving to patentees a right to sue the United States in tort for infringement, or has it the effect of conferring a license on the United States and those selling apparatus to it?

8. That your petitioner and the Navy Department are both vitally interested in the determination of this question, and in the presentation to this Court of the circumstances of this case, as bearing upon the decision to be arrived at in the Marconi case; that in the said Marconi case, your petitioner, at the request of the Navy Department to present to the Court a statement of the hindrances and disadvantages resultant from improper disclosure in suits between private parties of confidential matters connected with proposals for government contracts as developed in the suit of these respondents against your petitioner, applied for and was granted permission by the Circuit Court of Appeals for the Second Circuit to file a brief in that Court as *amicus curiae*, and did so file a brief. Petitioner annexes hereto as Exhibit E a copy of the letter from the Navy Department requesting the petitioner to make application in the said *Marconi*



*Wireless Telegraph Co. v. Simon* case, which letter was annexed to petitioner's application to the Circuit Court of Appeals for the Second Circuit in that case, and also annexes hereto, marked Exhibit F, a copy of a letter from the Navy Department requesting petitioner to make this application.

9. Your petitioner respectfully submits that the present case is one in which it is proper for this Court to issue a writ of certiorari for the following reasons, among others:—

(A) Because grave public interests, the interest of *every* patentee, and the interests of jurisprudence require the decision of this Court upon the questions of law involved herein.

(B) Because the questions of law here involved are broad and of far reaching effect and are of great interest to all individuals, firms and corporations holding patents on any articles, commodities or methods which may be required by the Government or any of its departments and which they may from time to time purchase or contract to purchase from infringers.

(C) Because the opinion of the Circuit Court of Appeals in the case at bar is in conflict with the decision of the Circuit Court of Appeals for the Second Circuit in the case of *Marconi vs. Simon*, 231 F. R., 1021.

(D) Because the facts in the case at bar, as indicated by the request of the Navy Department to your petitioner to state such facts to the Court, present the hindrances and embarrassments which would result both to parties dealing

with the Government and to the Government itself from an interpretation of the law which would, contrary to that given in the said case of *Marconi vs. Simon*, hold the Government liable to compensation for the use of the invention, and at the same time subject to all the hindrances and embarrassments of an unlawful user.

10. That a certified copy of the record herein is filed as a part of this application, together with a brief in support thereof, by your petitioner's counsel.

WHEREFORE your petitioner prays that this Honorable Court will be pleased to grant a writ of certiorari in this case to the Circuit Court of Appeals for the Third Circuit to bring up this case to this Honorable Court to the end that the case may be reviewed and determined by this Honorable Court, and that your petitioner may have such other and further relief in the premises as may seem appropriate, and that the said decree of the Circuit Court of Appeals for the Third Circuit, and every part thereof, may be reversed by this Honorable Court.

And your petitioner will ever pray, etc.

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING  
COMPANY,

By HENRY S. GROVE,  
President.

CLIFTON V. EDWARDS,  
ABRAHAM M. BEITLER,

Solicitor and of Counsel for Petitioner.

#### **Certificate.**

I hereby certify that I am of counsel for the petitioner herein, William Cramp & Sons Ship &

Engine Building Company; that the allegations of fact contained in said petition are true, and that said petition is, in my opinion, well founded in law as well as in fact.

CLIFTON V. EDWARDS,  
ABRAHAM M. BEITLER,  
Of Counsel for Petitioner.

---

**Exhibit A.**

UNITED STATES CIRCUIT COURT OF  
APPEALS,

FOR THE THIRD CIRCUIT.

INTERNATIONAL CURTIS MARINE TUR-  
BINE COMPANY and CURTIS MARINE  
TURBINE COMPANY OF THE UNITED  
STATES,

Complainants-Appellants,

vs.

WILLIAM CRAMP & SONS SHIP &  
ENGINE BUILDING COMPANY,  
Defendant-Appellee.

No. 2126.

BUFFINGTON, J.:

This application for a mandamus or other appropriate process in effect asks us to reverse the ruling of the court below, which is reported in *International Curtis Marine Turbine Co. vs. Cramp & Sons*, 232 Fed. Rep., 166, and to direct the master to proceed in an accounting for con-

tracts Nos. 47, 48, 49 and 50, made by the defendant with the United States Government. The question passed upon by the court below in that decision is as we view it, involved in a case in the Second Circuit, *Marconi vs. Simon*, 231 Fed. Rep., 1021. This latter case is now under review by the Supreme Court of the United States on certiorari at No. 485 of October Term, 1916. As a decision therein will settle the case pending before us it seems proper for this court to await the action of the Supreme Court. In view, however, of the fact that the press of business of that court may prevent an early hearing and decision of the case pending before it we will, without passing on the merits of the case now pending before us, for the interim, direct the court below to enter an order directing the master to proceed to an accounting upon contracts Nos. 47, 48, 49 and 50, keeping the proofs and proceedings thereunder separate from those under contracts Nos. 30 and 31. By following this course the delay and loss of time which would result in the case in this Circuit if the view of the Second Circuit is sustained, will be avoided and in case the view held by the court below is sustained the present order will only have involved costs for which the plaintiff will of course be liable.

The case will therefore be retained in this court for the time being to await the decision of the Supreme Court, but pending such time the court below will enter an order directing the master to proceed in the accounting upon contracts Nos. 47, 48, 49 and 50 as above indicated.

**Exhibit B.****DISTRICT COURT OF THE UNITED  
STATES,****EASTERN DISTRICT OF PENNSYLVANIA.**

**INTERNATIONAL CURTIS MARINE TUR-  
BINE COMPANY and CURTIS MARINE  
TURBINE COMPANY OF THE UNITED  
STATES,**

**Complainants,**

**vs.**

**WILLIAM CRAMP & SONS SHIP &  
ENGINE BUILDING COMPANY,  
Defendant.**

**INTERLOCUTORY DECREE AFTER MANDATE.**

A decree having been entered herein on April 12, 1912, ordering that the Bill of Complaint be dismissed, and an appeal having been taken to the Circuit Court of Appeals for the Third Circuit, and the Mandate of said Court having been received and filed in this Court, now, in accordance with said Mandate, it is Ordered, Adjudged and Decreed,

1. That the decree entered herein on April 12, 1912, is hereby set aside in so far as it relates to patent No. 566,969 granted to Charles G. Curtis on September 1, 1896.

2. That the said patent No. 566,969 is a good and valid patent and that the complainants are the lawful and exclusive owners of said patent.

3. That the defendant has infringed upon the complainants' exclusive rights under said patent as defined in claims 1, 2, 3, 4, 5, 6, 8, 9 and 11 thereof.

4. That the complainants do recover of the defendant the profits, gains and advantages derived, received or made by it by reason of said infringement, and any and all damages which the complainants, or either of them, have sustained by reason of the said infringement, and it is hereby referred to Hector T. Fenton, on account of his special fitness and experience, as a Master of this Court, to take and state the account of said profits, gains, advantages and to assess such damages and to report thereon with all convenient speed; and the defendant and its attorneys, officers, directors, clerks, servants and workmen are hereby directed and required to attend before said Master from time to time as required, and to produce before him such books, papers, vouchers and documents and to submit to such orders and oral examinations as the Master may require.

5. That the complainants do recover of the defendant their costs and disbursements in the Circuit Court of Appeals as specified in said Mandate and that the matter of the costs in this Court be left until the coming in of the Master's report.

6. That the question of increase of damages and all other questions be reserved until the coming in of the Master's report.

J. W. THOMPSON,  
Judge.

May 1, 1914.

Approved as to form:

C. V. EDWARDS,  
Counsel for Defendant.

April 30, 1914.

C. BRADFORD FRALEY,  
Solicitor for Complainant.

**Exhibit C.**

(Copy).

IN THE DISTRICT COURT OF THE UNITED  
STATES,

FOR THE EASTERN DISTRICT OF PENNSYLVANIA.

INTERNATIONAL CURTIS MARINE TUR-  
BINE COMPANY OF THE UNITED  
STATES

vs.

WILLIAM CRAMP & SONS SHIP &  
ENGINE BUILDING COMPANY.

In Equity  
No. 263

UPON DEFENDANT'S MOTION TO EXCLUDE EVIDENCE  
BEFORE THE SPECIAL MASTER.

THOMPSON, J.:

Filed July 2, 1915.

In the case of Firth Sterling Steel Company  
against Bethlehem Steel Company, 216 Federal

Reporter, 755, this Court in an opinion by Judge Dickinson has held that:

"The right of action given by the Act of 1910 against the government does not grant immunity to any private trespasser upon the rights of patentees."

In that case the defendant was manufacturing projectiles for the government which it was held infringed plaintiff's patent. Upon appeal it was held by the Circuit Court of Appeals that the claims of the patent which it was alleged were infringed were invalid. The question here raised was, therefore, not decided by the Appellate Court. In view of the importance of a final decision of the question here presented, and the desirability of expediting its decision, we are of the opinion that the ruling of the Master in admitting in evidence defendant's contracts #47, 48, 49 and 50, with the United States should be overruled without prejudice to the right of the plaintiffs to proceed by separate bill, if they be so advised, in order to determine their right to recover from the defendant the profits accruing to it through its alleged infringing acts under the contracts in question, and without prejudice to their right to raise any question upon the issues here presented in the Court of Claims.

The defendant's motion to exclude the evidence before the Master is allowed accordingly.



**Exhibit D.**

IN THE DISTRICT COURT OF THE UNITED  
STATES,

FOR THE EASTERN DISTRICT OF PENNSYLVANIA.

INTERNATIONAL CURTIS MARINE TUR-  
BINE COMPANY and CURTIS MARINE  
TURBINE COMPANY OF THE UNITED  
STATES

vs.

WILLIAM CRAMP & SONS SHIP &  
ENGINE BUILDING COMPANY.

263.

In Equity

UPON REHEARING SUB-DEFENDANT'S MOTION TO  
EXCLUDE EVIDENCE BEFORE THE SPECIAL MASTER.

(Filed 21 March, 1916.)

THOMPSON, J.:

Since the argument upon the rehearing, the Circuit Court of Appeals for the Second Circuit has affirmed the decree of Judge Hough in the case of Marconi Wireless Telegraph Company of America *v.* Emil J. Simon, upon Judge Hough's opinion, Judge Ward dissenting.

Judge Hough in his opinion said:

"The questions therefore became the following: (1) What is the legal position of the sovereign in respect of patent rights granted by itself under the Act of 1910? (2) How does that act, or more accurately

the legal position of the United States thereunder, affect or protect an independent contractor?

So far as the first query is concerned it has been fully and finally answered by *Crozier v. Krupp* (224 U. S., at 305), which holds that having regard to 'the undoubted authority of the United States as to such subjects (as patents) to exercise the power of eminent domain, the statute \* \* \* provides for *the appropriation of a license to use the inventions*, the appropriation thus made being sanctioned by means of compensation for which the statute provides.'

It may in some sense be true, as is urged by the plaintiff, that the act is remedial and does not disturb any of the rights of a patentee which existed before its passage. But it is also true that if the act creates a legal *status* the relation of the holder of that status to the rest of the world is affected by the statute, whether such change or modification of relation be specifically mentioned or described in the act or not.

The Supreme Court has defined the somewhat inartificial language of the statute. What the act contemplates being done by the United States is to *use* an invention 'described in and covered by a patent.' This is held to be equivalent to the expropriation or appropriation of a 'license to use the inventions.' This means a license in its widest sense, *i. e.*, both to make and to use, and possibly to sell, but certainly both to make and to use.

In this instance the navy, through its offi-

cers, has appropriated by right of eminent domain a license to make and use any and all articles covered by the patent in suit. It could plainly make them in its own yards or other work-places by its hired employes or permanent officers. It could take Simon into its employment at a stated stipend, and it could even make that stipend the exact amount of his estimated profit under the contract. If this has been done the plaintiff could certainly do nothing but institute an action in the Court of Claims. Simon would be as immune as an admiral. However repugnant to business and professional feeling this method of riding roughshod over the rights of a patentee may be, it is difficult for me to perceive that there is any substantial difference between what the government admittedly might have done and what it has done in respect of this contract. Any distinction drawn between doing an infringing job by day's work and doing the same job by contract is without substance.

But it is said (and here hangs the plaintiff's whole case) that before the Act of 1910 the holder of a patent could sue a contractor with the government for infringement as fully and freely as he could any one else, provided always that he did not by injunction or otherwise interfere with government possession of anything (however obnoxious to the patentee's rights) actually in governmental use (*Brady v. Atlantic Works, supra*; *International, &c., Co. v. Cramp*, 211 Fed. Rep., 124, and cases therein cited). In my opinion this is true, but not so as to the

corollary stated by plaintiff, viz., that since this right existed before the Act of 1910 and is not explicitly taken away by that statute, it must still survive as fully as of old. If the reason of the law fails, the law ought to fail with it; this maxim seems to me to apply very forcibly here. The reason for permitting actions for infringement by private parties against government contractors was that since infringement was a *tort*, and the United States had never consented to be sued *in tort*, patentees were without remedy. Now they have such remedy under the statute, and cannot take what the statute gives (or imposes) and retain what they had before if it interferes with governmental enjoyment of its license.

The United States has a license under this patent to make, use, and perhaps to sell, to any extent deemed beneficial to the Commonwealth, and without any territorial or other limitation upon its own right. A license to make and use is not (in the absence of specific language in his license) limited to making with his own hands, in his own shop, or by his own employees. He may employ, procure or contract with as many persons as he chooses to supply him with that which he may lawfully use, provided such conduct does not change his relation to the licensor. In my opinion this is exactly what the government has done here, and Simon is not an infringer because he is supplying lawful goods to a lawful licensee (*Foster Hose Supporter Co. v. Taylor Co.*, 191 Fed. Rep., 1003)."

The decision of the Circuit Court of Appeals for the Second Circuit adopting the opinion of Judge Hough is to be regarded as decisive of the question here raised, unless the Circuit Court of Appeals for this Circuit in its opinion and decree ordering an accounting determined as the law of this case that, in a suit by a patentee against an independent contractor, an accounting should be had of profits accruing in making turbine engines for torpedo boat destroyers for the government under contracts entered into after June 25, 1910.

The present suit was commenced in 1909, and the contracts under consideration upon the appeal were Nos. 30 and 31, entered into in 1908. There was apparently nothing before the Court relating to contracts with the government subsequent to the passage of the Act of June 25, 1910, and there is no discussion of any such transactions by the Court in its opinions. Contracts Nos. 47, 48, 49 and 50 were not entered into until 1911, and it is apparent that the sole question before the court, where the question of jurisdiction was discussed, was one of equitable jurisdiction of a suit begun prior to the Act of June 25, 1910. This is apparent from the following language in Judge Buffington's opinion (211 Fed. at page 152):

"Since the litigation began, the *two torpedo boat destroyers referred to* have been finished and delivered to the government and the plaintiffs do not now ask that the decree shall in anywise be directed against these vessels, or against the government in respect thereof. The bill contains no averment that the defendant is building or threatening to

build infringing turbines *for commercial use*; only certain ships of war are involved in the suit; and, for reasons to be briefly stated, we are of opinion that no injunction should now be granted. We do not agree that the court below should have dismissed the bill for want of jurisdiction. Neither the United States nor one of its officers is a party defendant, but the suit is brought solely against a private corporation that had contracted to do certain public work.

The bill was filed in 1909, and we think *there was then* no doubt that the court below had the right to entertain it.

\* \* \* \* \*

But since the suit was brought, the act of 1910 has been passed, and has been interpreted by the Supreme Court in the recent case of *Crozier v. Krupp*, 224 U. S., 290, 32 Sup. Ct., 488, 56 L. Ed., 771. This statute, we think, furnishes a practical solution of the questions arising upon this branch of the case. Even if the plaintiffs did not disclaim the desire to interfere with the government's possession of the vessels, there is no longer any ground upon which a final injunction can be properly rested, even in a suit against a contractor with the government, where the dispute concerns such property as vessels of war. *If the United States has infringed*, or shall hereafter infringe, the patents that we have been considering, the act of 1910, permits the plaintiffs to sue in the Court of Claims, *Crozier v. Krupp, supra*. And if the defendant shall undertake to infringe hereafter by making offend-

ing turbines *for commercial use*, relief can be obtained by another suit."

It seems to be conclusive, therefore, that the Circuit Court of Appeals had not before it in the consideration and decision of the case the situation now presented, and that its order for an accounting should not be construed as intended to include an inquiry whether the turbine engines in torpedo boat destroyers made by the defendant under contracts with the government entered into since June 25, 1910, infringed the plaintiff's patent (as would have been the inquiry but for the provisions of the Act of 1910), and, if found to be infringements, an inquiry and report regarding the defendant's profits. There was no decision by the Circuit Court of Appeals that the license acquired by the United States by right of eminent domain to use the invention of the plaintiffs' patent was not a license under the broad signification of the term "license to use," including the right to make and use, as was held by the Special Master in overruling the objection of the defendant to any inquiry into any transaction under contracts Nos. 47, 48, 49 and 50.

The Court will therefore follow the construction of the Act of 1910, adopted in *Marconi Wireless Telegraph Company of America v. Simon*, applying the doctrine of *Crozier v. Krupp* to a suit by a patentee against an independent contractor with the government. It is therefore held that the defendant is not, as to the contracts entered into since June 25, 1910, an infringer, and is not liable to an accounting for anything done under those contracts, and that the Special Master was in error in overruling

the motion of the defendant to exclude from its accounting the profits, if any, made by defendant for building turbine engines under contracts 47, 48, 49 and 50.

It is ordered that the action of the Special Master in overruling the defendant's objection be overruled, and that the defendant's objection be sustained, without prejudice, as noted in the memorandum opinion filed July 2, 1915.

---

**Exhibit E.**

(Copy).

**NAVY DEPARTMENT.**

Washington, January 7, 1916.

Gentlemen:

Referring to the case in which the International Curtis Marine Turbine Company sought a few years ago to obtain from the Department certain confidential plans that accompanied your proposals for constructing torpedo boat destroyers Nos. 47 to 53, I have to advise you that the question as to the rights and privileges of a contractor with the Government respecting letters patent that cover articles and supplies required in the public service is now before the United States Circuit Court of Appeals for the Second Circuit in the case of the Marconi Wireless Telegraph Company of America *v.* Emil J. Simon, which case, as the Department is at present advised, will be heard early in February *proximo*.

The Department requests, that if agreeable to you and to said Court, you have presented to



the Court for its information in the Marconi-Simon case a statement of the hindrances and disadvantages resultant from improper disclosure in suits between private parties of confidential matters connected with proposals for government contracts, as developed in the suit of the Curtis company against you, which, as the Department is advised, is still unsettled.

Very respectfully,

(Signed) FRANKLIN D. ROOSEVELT,  
Acting Secretary.

The William Cramp and Sons  
Ship and Engine Building Company,  
Philadelphia, Pa.

**Exhibit F.**

NAVY DEPARTMENT

WASHINGTON, <sup>January 31</sup>~~February 1~~, 1917.

Gentlemen:

Referring to the letter from this Department to you under date of January 7, 1916, in which you were requested to apply to the United States Circuit Court of Appeals for the Second Circuit in the case of the *Marconi Wireless Telegraph Company of America v. Emil J. Simon* for permission to present to the Court for its information a statement of the hindrances and disadvantages resultant from improper disclosure in suits between private parties of confidential matters connected with proposals for Government contracts, as developed in the suit of the Curtis Company against you, and also referring to the fact that the Circuit Court of Appeals for the Third Circuit has directed an account to proceed against you for transactions under your contracts with this Department for the construction of torpedo boat destroyers Nos. 47 to 50, you are advised that the Department considers it of great importance that a determination of the matter by the Supreme Court be obtained with the facts before it as developed in the suit against you, so as to show the disadvantages and hindrances to the Department resultant from proceedings between private parties that involve publicity of the Department's confidential transactions and operations.

Very <sup>truly yours</sup>~~respectfully~~,

(Signed) JOSEPHUS DANIELS,

Secretary.

~~Wm~~ William Cramp and Sons  
 Ship and Engine Building Company,  
 Philadelphia, ~~Pennsylvania~~.

SUPREME COURT OF THE UNITED  
STATES,

OCTOBER TERM, 1916.

WILLIAM CRAMP & SONS SHIP &  
ENGINE BUILDING COMPANY,  
Petitioner,

vs.

INTERNATIONAL CURTIS MARINE TUR-  
BINE COMPANY and CURTIS MARINE  
TURBINE COMPANY OF THE UNITED  
STATES,

Respondents.

**BRIEF IN SUPPORT OF PETITION FOR WRIT  
OF CERTIORARI.**

**General Statement.**

The facts and proceedings on which this Court is asked to review by writ of certiorari, the decision of the Circuit Court of Appeals for the Third Circuit, are set forth in the petition for such writ.

The case at bar is of general interest in that it involves the interpretation of a Federal Statute entitled "An Act to provide additional protection for owners of patents of the United States, and for other purposes." (Approved June 25, 1910; 36 Stats. 851; C. 423.)

This Act is important in its effect (a) upon the rights of patentees as against private individuals engaged in manufacturing and supplying to the United States Government for its depart-

ments, under contract or otherwise, articles embodying the inventions of the patentees, but who hold no licenses from the patentees; (b) upon the rights and liabilities of such manufacturers, dealers or contractors; (c) upon the rights of the patentees as against the United States Government itself in such a case; (d) upon the rights of the United States Government to be protected against injunction, annoyance or harassment of itself and its agents by patentees.

The case also involves the question of the jurisdiction of the District Court in suits against contractors with or vendors of alleged infringements to the United States, subsequent to June 25, 1910, for alleged infringement of patents, and a conflict of decisions between the Circuit Court of Appeals for the Second Circuit in a case of *Marconi vs. Simon*, 231 F. R., 1021, and the proceeding ordered by the Circuit Court of Appeals for the Third Circuit in the case at bar.

## I.

**The decision of the Circuit Court of Appeals is in its practical effect of final character.**

The decision of the Circuit Court of Appeals for the Third Circuit directing an accounting to proceed, in effect reverses the decision of the lower court and virtually orders the respondent to do forthwith all that respondent would be required to do if a final hearing and determination of the questions involved had been had. It may be questioned whether the order in question is one issued in certiorari proceedings, a

mandamus order or otherwise, and may also be questioned whether or not the exigency of this case is such as to justify the extraordinary procedure of issuing a writ or order of the kind in question. (*In re Garrosi*, 229 F. R., 363; *Lovell McConnell Mfg. Co. v. Bindrim*, 219 F. R., 533.) No precedent is cited for such a writ and, so far as we know, none exists. However this may be, it is submitted that the effect of the order is virtually final since, if the accounting proceeds, the injury to the petitioner and to the United States Government will have been done and no costs that could afterward be awarded would cover this injury. Petitioner will be subjected to the great expense and interference with its work involved in producing books of account, etc., and both petitioner and the Government will be embarrassed in requiring petitioner to disclose the plans, specifications and drawings of the machines in question, for determination of whether such structures embody the invention of the patent. Although it may well be that the Government may not object to the disclosure of some or even all, of this information, such a matter cannot be determined in advance of the proceedings, but can only be determined from time to time as information desired is called for. All of this involves taking the time of officers and employees of the petitioner from Government work, and great embarrassment to both petitioner and the Government.

## II.

**Only question involved is one of law, and decision of Circuit Court of Appeals for Third Circuit is contrary to that of Circuit Court of Appeals for Second Circuit.**

The only question involved here is whether as matter of law petitioner is to be treated as an infringer by reason of having on Sept. 8, 1911, entered into contract with the United States Government to build certain torpedo boat destroyers and engines therefor, in accordance with certain plans, specifications and drawings of the Navy Department, which said engines could not be built according to the said plans, specifications and drawings without embodying the alleged invention of the patent in question, and having thereafter proceeded to build said engines in accordance with said plans, specifications and drawings.

The interlocutory decree under which the accounting was initiated, was based wholly upon acts committed prior to the passage of the Act of June 25, 1910, no question of infringement by reason of acts subsequent to June 25, 1910, having arisen in the case before the entry of the decree. A previous application to this court to review said decree, therefore, did not involve the question presented by this petition.

Under the law as laid down generally in *Crozier v. Krupp*, 224 U. S., 290, the making of a device covered by Letters Patent, by a Government officer, constitutes an appropriation of the right to make the device and an agreement to make compensation. It is well settled that one who acquires the right to make a device also acquires the right to have the device made for

him, and it is also well settled that the agent who makes for a licensee is not a trespasser, but is protected by the license. (*Stone Cutter Co. v. Shortsleeves*, 16 Batch., 381; *Johnson Railroad Signal Co. v. Union Switch & Signal Co.*, 55 F. R., 487.)

The opinion of his Honor, Judge Hough, affirmed by the Circuit Court of Appeals for the Second Circuit in the case of *Marconi v. Simon*, specifically applies this law, holding that the contractor doing that which he is required to do by the Government is not to be treated as a trespasser, but is acting for a licensee who is bound to make the compensation provided for in the license. The District Court, in the case at bar, as appears from its opinion, expressly followed the law as established by the decision of the Circuit Court of Appeals for the Second Circuit in the said case of *Marconi v. Simon*, which interpretation has since been followed by his Honor, Judge Hale in the District of Maine, in the case of *Electric Boat Co. v. Lake Torpedo Boat Co.*, decree entered April 3, 1916, and his Honor, Judge Rellstab, in the District of New Jersey, in the case of *Electric Boat Co. v. Torpedo Boat Co.*, decree entered May 8, 1916, both unreported.

That the ultimate disposition of the case at bar will turn upon the decision of this Court in the said case of *Marconi v. Simon* is indicated in the opinion of the Circuit Court of Appeals, herein complained of, which says:

“The question passed upon by the Court below in that decision is, as we view it, involved in a case in the Second Circuit, *Marconi v. Simon*, 231 Fed. Rep., 1021. This latter case is now under review by the Supreme Court of the United States on cer-

tiorari at No. 485 of the October Term, 1916."

The opinion also adds that

"A decision therein will settle the case pending before us."

Nevertheless, we respectfully submit, your petitioner is now ordered to proceed to an accounting, although subject to cessation thereof if and when this Court affirms the *Marconi v. Simon* case.

We, therefore, respectfully submit that the order of the Circuit Court of Appeals directing the accounting proceedings herein is contrary to the decision of this Court in the case of *Crozier v. Krupp*, and directly contrary to the decision of the Circuit Court of Appeals for the Second Circuit in the case of *Marconi v. Simon*.

### III.

#### **Facts and law involved in case at bar.**

The case at bar differs from the *Marconi v. Simon* case in that in the case at bar the patent in suit expired on Sept. 1, 1913, and therefore the only matter here in dispute is the right of the respondent to compel petitioner to account for profits and damages by reason of acts done by petitioner during the period from Sept. 8, 1911, to Sept. 1, 1913.

Although the case at bar is thus confined to the question of petitioner's right of accounting, a similar question is also presented in the *Marconi v. Simon* case; and indeed, the right to an accounting, as well as the right to an injunction,



are both founded upon the same condition precedent, *i. e.*, that there shall have been an infringement of a patent right. If there has been no infringement, then a patentee would be entitled to neither injunction nor accounting.

The effect of an accounting, however, is but little less embarrassing and harassing than the effect of an injunction. Among the evil effects of subjecting contractors dealing with the Government to an accounting proceeding covering acts which they are required to do by contract with the Government may be mentioned the following:

(1) Military and naval secrets, and other confidential matters relating to the Government's business would be subject to disclosure in suits between private parties. Through carelessness, inadvertence, lack of appreciation of the necessity for secrecy, or even through bad faith, a party in order to avoid the inferences naturally raised against him by refusal to disclose matters in question, might voluntarily or under compulsion disclose to the opposing party in the litigation confidential matters of the Government. These matters are many and varied. In the case at bar, there is involved the design of propelling machinery for torpedo boat destroyers, an engine design intended to give the highest attainable speed. Such design includes not only features of novel construction but also dimensions, materials, proportions and other features either disclosed outright, or readily deducible from the drawings, plans and specifications.

(2) Contractors with the Government would naturally be deterred from bidding upon Gov-

ernment work, or offering the Government the most favorable terms, if they are subject to have all their books and papers relating to their transaction with the Government dragged into Court, have the time of their officers taken in explaining these matters to the court, and then be subject to the payment of damages or profits in addition to the compensation ultimately awarded by the Court of Claims, which compensation, according to the usual practice of the Government, is also required to be ultimately borne by the contractor.

(3) The door would be opened to collusive suits against individuals to acquire information regarding military and naval secrets.

If petitioner's act is an infringing act such as would justify a court in ordering petitioner to account for profits and damages, it must also be an infringing act for the purpose of awarding an injunction, with all of its attendant harassment and even possible stoppage of Government operations.

According to the respondents' interpretation of the law and the interpretation upon which the order complained of must be predicated, a patentee is free to enjoin the contractor with the Government, to make him pay damages and profits for the making of a device, and then, in addition, to compel the Government to pay for the use of the device. It can readily be imagined what this would lead to if the patentee should refuse to make the device for the Government, or demand exorbitant or impossible conditions for the giving of his consent to the Government to use the invention.

**Conclusion.**

For the reasons above, we respectfully submit that this petition should be granted and the question as raised in this case be heard in this Court, with the said *Marconi v. Simon* case, or in advance thereof, if the Court shall so desire.

Respectfully submitted,

CLIFTON V. EDWARDS,

ABRAHAM M. BIETLER,

Counsel for Petitioner.

5  
No. 398

Office Supreme Court, U. S.  
FILED  
MAR 8 1917  
JAMES D. MAHER  
CLERK

# Supreme Court of the United States

OCTOBER TERM, 1916.

WILLIAM CRAMP & SONS SHIP & ENGINE  
BUILDING COMPANY,

*Petitioner,*

vs.

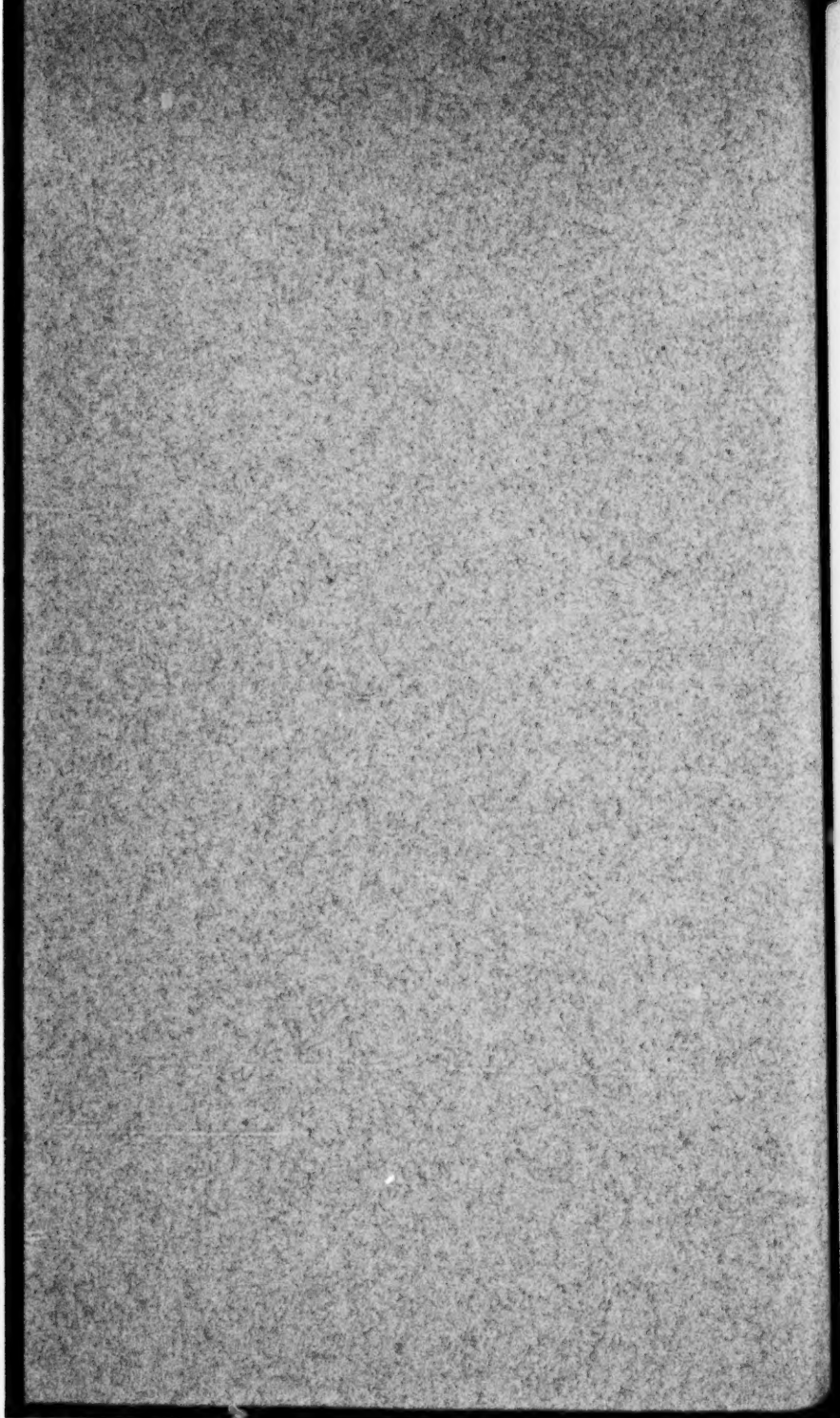
INTERNATIONAL CURTIS MARINE TURBINE COM-  
PANY AND CURTIS MARINE TURBINE COMPANY OF  
THE UNITED STATES,

*Respondents.*

## MEMORANDUM IN REPLY TO RESPONDENTS' BRIEF.

C. V. EDWARDS,  
A. M. BEITLER,

*Counsel for Petitioner.*



SUPREME COURT OF THE  
UNITED STATES,

OCTOBER TERM, 1916.

WILLIAM CRAMP & SONS SHIP &  
ENGINE BUILDING COMPANY,  
Petitioner,

VS.

INTERNATIONAL CURTIS MARINE TUR-  
BINE COMPANY and CURTIS MA-  
RINE TURBINE COMPANY OF THE  
UNITED STATES,  
Respondents.

**MEMORANDUM IN REPLY TO RESPOND-  
ENTS' BRIEF.**

Respondents' brief, at the bottom of page 2 and the top of page 3, refers to two former petitions (228 U. S., 646, and 234 U. S., 755). These petitions related to other destroyers and other contracts than those here involved, and neither petition made any reference to the time of completion of the destroyers, because the contracts were entered into in 1908 and the time of completion did not appear in the record.

Respondents' brief is in error in implying, on page 7, that the details of turbine design and construction here in question have heretofore been

published in the Journal of the American Society of Naval Engineers. To the best of the knowledge and belief of petitioner's counsel, such details have never been published.

The respondents' brief urges that this case differs from the case of *Marconi v. Simon* in that it does not here appear that (a) the Government knew of the patent in suit, or (b) whether the plans, specifications and drawings originated with the Government, or (c) whether petitioner's contract could not be complied with without using the patent in suit. If the case at bar does in fact differ from the Marconi case in either of these particulars, it is submitted that it is of the highest importance to the Government and those dealing with it under similar circumstances to have their status determined at the time the Marconi case is decided. If the liability of the Government under the Act depends upon the claimant proving specific knowledge of the patent, other than that presumed from the fact that the patent is a public record, or upon the claimant proving that the design originated with the Government, then it is submitted that it is in the interest of the public that the law on this subject be made clear.

As to the question of the defendant (petitioner) in the case at bar being able to comply with its contract without employing the patent in suit, it may be said that plaintiffs' (respondents') case rests upon its assertion to the Master (R., 8, fol. 32) that

"the turbine engines installed in these ships were built in accordance with the proposal, drawings, plans and specifications forming a part of these contracts,"

and upon the truth of its declaration in its petition to the Circuit Court of Appeals (R., 47, fol. 188), that it offered the same to the Master

“intending to show by these plans, specifications and drawings that the turbines called for by the said contracts are substantially identical with those held by this Court to be infringing devices.”

which assertion is repeated in respondents' brief, p. 3.

The contracts in question recite (R., 59) that the drawings, plans and specifications have been duly provided, adopted and approved by the Navy Department, and (R., 60, par. *First*), require petitioner to construct “in conformity with the aforesaid drawings, plans and specifications” one torpedo boat destroyer to be provided and fitted with engines “in all respects as described in the annexed drawings, plans and specifications.”

It is therefore evident that respondents' charge against petitioner is necessarily based upon the allegation that the turbines called for in the contract will infringe.

Respectfully submitted,

CLIFTON V. EDWARDS,  
ABRAHAM M. BEITLER,  
Counsel for Petitioner.



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**UNITED STATES DISTRICT COURT**

**NOTICE OF MOTION**

**No. 100**

**WILLIAM CRAMP & SONS SHIP & ENGINE  
BUILDING COMPANY**

*Plaintiff*

**INTERNATIONAL CURTIS MARINE TURBINE  
COMPANY, et al.**

*Defendants*

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**BRIEF FOR PETITIONER**

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# United States Supreme Court.

October Term, 1917.

No. 393.

WILLIAM CRAMP & SONS SHIP &  
ENGINE BUILDING COMPANY,  
Petitioner,

vs.

INTERNATIONAL CURTIS MARINE  
TURBINE COMPANY, *et al.*,  
Respondents.

## Statement.

This case comes here upon writ of certiorari to the United States Circuit Court of Appeals for the Third Circuit, granted March 12, 1917 (243 U. S., 637).

The case has had a long history and petitions for the writ of certiorari have been presented twice before to this Court (228 U. S., 696, and 234 U. S., 755). On neither occasion did this Court pass on the point of law which is now in controversy, the only transactions there involved having occurred before the passage of the Act of Congress approved June 25, 1910, on which the present petition is based.

This is a suit for infringement of patent No.



566,969, which relates to steam turbines. After a decree in the District Court and an appeal, the Court of Appeals for the Third Circuit on May 1, 1914, adjudged claims 1 to 6, 8, 9 and 11 to be valid and infringed, and ordered an accounting.

The decree directed by the Circuit Court of Appeals was based on two contracts, numbered 30 and 31, entered into in 1908 between the defendant (here the petitioner) and the United States, by which the defendant undertook to build two torpedo boat destroyers for the Government to be equipped with steam turbines, which turbines the Court of Appeals held to be infringements of the patent in suit. At the accounting which followed, inquiry was made as to certain other contracts numbered 47 to 50 which were entered into in the year 1911, and which required the defendant to build certain steam turbines according to plans, specifications and drawings made a part of the contracts, and which plaintiffs (here the respondents) contended infringed upon said patent. (Tr. p. 5, fol. 7; p. 25, fol. 46.) The defendant made objection before the Master against any inquiry as to these contracts, stating as its reason that, by virtue of the Act of June 25, 1910 (as construed by this Court in the case of *Crozier v. Krupp*, 224 U. S., 290), the United States Government by eminent domain acquired the *right* to use the invention of the patent in suit, and that the Government had exercised that right by making the contracts for torpedo boat destroyers Nos. 47 to 50 in 1911, and therefore the transactions were not to be considered as within the scope of the accounting. (Tr., pp. 4, 5.) The Master overruled the

objection but certified the question to the District Court for its determination. The District Court, following the decision of the Circuit Court of Appeals for the Second Circuit in *Marconi v. Simon*, 231 F. R., 1021, decided that the objection to the admission of the testimony in regard to torpedo boat destroyers Nos. 47 to 50 was good and that evidence in regard thereto should be excluded. (Tr. 19.)

The plaintiffs in the court of first instance (respondents here) thereupon, on May 24, 1916, filed a petition to the Court of Appeals for the Third Circuit asking for a writ of certiorari or mandamus to be directed to the District Court to change its ruling and admit the evidence in regard to destroyers 47 to 50. (Tr. 23.) Before any action on this petition, this court, on June 12, 1916, granted a petition for the writ of certiorari in the case of *Marconi v. Simon* (October Term, 1916, No. 485, 241 U. S., 676), in which the same point of law was involved, namely, whether the Act of June 25, 1910, constituted a defense to a charge of patent infringement for a contractor with the United States Government, in respect to the thing specifically contracted for. Thereafter, on January 11, 1917, the Court of Appeals for the Third Circuit issued the order which appears on page 28 of the record, declaring that it would retain jurisdiction of the cause pending the determination of the *Marconi v. Simon* case in the Supreme Court, but directing the District Court to proceed with the accounting, thus in effect decreeing forthwith all that would have been decreed to plaintiffs if the petition had been granted in full after a hearing thereon.

It is upon this order of the Court of Appeals directing that an accounting proceed as to contracts 47 to 50 that the present petition to this court is based.

The point of law here involved is an important one, and the particular interests here involved are of importance not only to the parties but to the public, as is evidenced by the letter of the Secretary of the Navy to the defendant (petitioner here) suggesting the desirability of getting a ruling from this court. See Exhibit F, page 28 of the Petition to this Court seeking the writ of certiorari in this case.

### **The Crozier v. Krupp Case.**

Since the Act of June 25, 1910, whenever the Government makes use of a patented invention, the patent owner can recover reasonable compensation by suit in the Court of Claims; in addition to this remedy, can he have an accounting for the profits of the contractor who has manufactured, at the Government's bidding, the device which the Government uses? This is the question now before your Honors. The answer to it is intimately bound up with, and, we respectfully submit, controlled by your decision and opinion in the case of *Crozier v. Krupp*, 224 U. S. 290.

In *Crozier v. Krupp*, the single question presented to this court for decision was as to the right of the patentee to enjoin Crozier, a salaried Government official, from making field guns and carriages for the Government.

1. *Immaterial whether the agent is a salaried officer, or derives pecuniary benefit from his acts.*

It was argued for the patentee that the court was not asked to deal with property of the United States, but only that an officer of the United States be restrained for the purpose of preventing a wrongful taking of private property, and that the act of the officer in wrongfully attempting to take the patentee's property could not be assumed to be a governmental act, but must be treated as an individual wrong. The Government contended that the suit was against the United States because the defendant was an officer of the army of the United States who derived no pecuniary benefit from the transaction, but this court decided that these contentions were made immaterial by the Act of June 25, 1910. This court said:

“Thus, the Government insists that although under the stipulation and the bill as amended, it resulted that no damages were sought in respect to use by the Government of the patented inventions, and no interference of any kind was asked with property belonging to the Government, nevertheless, the suit was against the United States, because the defendant was conceded to be an officer of the Army of the United States, engaged in the duty of making or causing to be made guns or gun carriages for the Army of the United States.”

And (p. 302):

“On the other hand, the plaintiff insists that the act of the officer in wrongfully attempting to take its property cannot be as-

sumed to be a governmental act, but must be treated as an individual wrong, which the courts have the authority to prevent."

Both of these contentions were brushed aside by this Court, as follows (p. 302):

"But we do not think, under the conditions which presently exist, we are called upon to consider the correctness of the theory upon which the Court of Appeals placed its decision or the soundness of the contentions at bar by which that theory is supported on the one hand or assailed on the other. We reach this conclusion because since October 7, 1908, when the decision of the Court of Appeals was rendered, the subject to which the controversy relates was dealt with by Congress by a law, enacted on June 25, 1910, 36 Stat., c. 423, p. 851."

It is thus clear that *Crozier v. Krupp*, was not decided upon the basis of Crozier being an officer upon salary who derived no pecuniary benefit from the infringement complained of, but with the express understanding that that fact became immaterial when Congress passed the Act of June 25, 1910.

2. *The transaction became in effect a licensed transaction.*

In explaining the effect of the Act, the Court clearly pointed out how it operates to protect the Government's officers against individual suit because their acts in behalf of the Government are made lawful. The Court said: (*Crozier v. Krupp*, p. 304):

“That is to say, it adds to the right to sue the United States in the Court of Claims already conferred when contract relations exist the right to sue even although no element of contract is present. And to render the power thus conferred efficacious the statute endows any owner of a patent with the right to establish contradictorily with the United States the truth of his belief that his rights have been in whole or in part appropriated by an officer of the United States, and if *he does so establish such appropriation that the United States shall be considered as having ratified the act of the officer* and be treated as responsible pecuniarily for the consequences. These results of the statute are the obvious consequences of the power which it confers upon the patentee to seek redress in the Court of Claims for any injury which he asserts may have been inflicted upon him by the unwarranted use of his patented invention and the nature and character of the defences which the statute prescribes may be made by the United States to such an action when brought. The adoption by the United States of the wrongful act of an officer is of course an adoption of the act when and as committed, and *causes such act of the officer to be, in virtue of the statute, a rightful appropriation by the Government, for which compensation is provided.* In substance, therefore, in this case, in view of the public nature of the subjects with which the patents in question are concerned and the undoubted authority of the United States as to such subjects to exert the power of eminent domain, the statute, looking at the substance of things, provides for *the appropri-*

*ation of a license to use the inventions, the appropriation thus made being sanctioned by the means of compensation for which the statute provides."* (Italics ours.)

3. *Because the transaction is licensed there can be no injunction.*

The Crozier case was commenced before the passage of the Act of 1910, but the plaintiff had by stipulation waived claim against Crozier for profits or damages. The Court of Appeals of the District of Columbia had taken jurisdiction of the case upon the theory that the Court had power to grant an injunction. In view of the intervening passage of the Act of 1910 and the stipulation, this Court said (p. 308):

"As a result, the case was confined solely to obtaining at the end of the suit a permanent injunction forbidding the making of, or causing to be made by the defendant, guns or gun carriages embodying the inventions owned by the complainant."

The stipulation (p. 299) also admitted that the defendant was directing and in charge of the manufacture of field guns and carriages for the United States. Thus the sole question for final decision was whether Crozier could, after the passage of the Act of 1910, be enjoined from *making* the alleged infringing devices for the Government.

The Court emphatically answered this question in the negative, saying that such injunction could not be granted because after the passage of the Act of 1910, the Government acquired a license. Consequently, the Government's license

protected Crozier in making the devices for the Government. The Court said (p. 308):

“Upon the hypothesis that the decree of the Court below remanding the case for further proceedings not inconsistent with its opinion was correct under the conditions existing when it was rendered, clearly *under the circumstances now existing, that is, the acquiring by the Government under the right of eminent domain, as the result of the statute of 1910, of a license to use the patented inventions in question, there could be no possible right to award at the end of a trial the permanent injunction to which the issue in the case was confined.* Moreover, taking a broader view and supposing that a final decree granting a permanent injunction had been entered below, in view of the subject-matter of the controversy and the right of the United States to exert the power of eminent domain as to that subject, at most and in any event the injunction could rightfully only have been made to operate until the United States had appropriated the right to use the patented inventions, and as that event has happened *the injunction, if granted, would no longer have operative force.*” (Italics ours.)

4. *The Court held by implication that there can be no accounting for profits or damages.*

The only theory upon which an accounting of profits or damages can be ordered in any patent suit, is upon the theory that defendant is an *infringer*. If an individual making devices for the Government is not an infringer there is no basis for a decree for either an accounting for damages and profits or an injunction.



It is clear that in *Crozier v. Krupp*, even if an accounting had not been waived, the Court would not have ordered an accounting for transactions after June 25, 1910, because such transactions would have been covered by the license of June 25, 1910, and consequently would have been non-infringing transactions.

It is submitted that the *Crozier* case establishes authoritatively that the Cramp Company, a manufacturer of a device for the Government according to Government specification cannot be regarded as an infringer.

5. *The ancillary right to make is covered by the right to use the invention.*

If the taking by the Government is under eminent domain, then it follows that the status of the Government is that of a rightful user, in effect a licensee, and the status of the Cramp Company is that of a maker for the licensee, protected by the license.

The language of the act makes it applicable to cases where an "invention" is "used," thus not confining it to the mere *use* of a *machine*. An *invention* is used when a machine or composition of matter is either made or used or sold, or when a process is practised.

Land, which is more generally the subject of eminent domain than any other class of property, is acquired for *use*, yet the statutes and authorities usually refer to the taking of the land. So in the Act the use of the invention is a taking of the invention.

That the language of the Act is broad enough to cover the *making* of a machine was decided in *Crozier v. Krupp* because in that case the matter in dispute was the *making* of field guns, by Cro-

zier, and not the *use* of the same by the Government, and the opinion at p. 306 refers to the purpose of the Act being to avoid "interference with the right of the Government to make and use."

Even if the statute had used the word "use" in the narrow sense of use of a machine, that would carry with it the implied right to have the machine made.

In *Illingworth v. Spaulding*, 43 F. R., 827, Judge Green for the District of New Jersey, said (p. 830):

"The right to use the guides upon disk-rolling machines implies the right to make them so that they may be used. Any other construction would put the defendants at the mercy of the complainant. If they could not rightfully make the guides, how could they exercise the right to use which had been granted them? From what source could they obtain the necessary guides? There is no obligation upon the complainant to supply them. He does not pretend that he made them for sale, or ever offered them to the public. And, if he declined to make them for the defendants, as he lawfully could, the result would be that the license would be defeated, and practically become null and void. I think the principle applicable to cases like this is well stated in Walker on Patents, Sec. 298:

" 'An express license to use a limited or an unlimited number of specimens of a patented article, implies a right to make these specimens, and to employ others to make, and will protect those others in making, them for the use of the licensee.' "

"I think, in accordance with these de-

cisions, it must be considered that, by the license which he granted to the defendants, the complainant empowered them to make the guides which he authorized them to use."

*In Woodworth v. Curtis*, 2 Woodb. & M. 524, (Fed. case 18,013) the grant was as follows:

"I do license and empower the said Thomas H. Holland and his assigns to use one machine in Boston aforesaid."

In construing this license the Court says:

"The first question is, did this involve the right to make or procure to be made the machine thus permitted to be used? I think it did. Otherwise, the whole license might be defeated, if the grantor refused to make for him at all, or to make at any but an exorbitant price, or demanded another consideration for a right in the grantee to make for himself, under a license like this, to use one machine."

*In Steam Stone-Cutter Co. v. Shortsleeves*, 16 Blatchf., 381 (Fed. Case 13,334), the licensee was granted the right to use certain patented machines in a quarry. Judge Wheeler said:

"It is a maxim of the common law that anyone granting a thing impliedly grants that also without which the thing expressly granted cannot be had, \* \* \* and it is as applicable to grants of rights under patents, whether assignments or mere licenses, as to any other subject, where the true intent is sought for. *Curtis on Patents*, paragraph 214.

“As this grant is now viewed, the right to make machines for the use expressly granted passed, and this would include the right to procure them to be made, *and cover the making them by the one procured to make them.*”

In *Porter Needle Co. v. National Needle Co.*, 17 F. R., 536, Judge Lowell in the District of Massachusetts said:

“A license to use a machine implies the right to make and own it.”

In the case of *Dunlop Pneumatic Tyre Co., Ltd. v. North British Rubber Co., Ltd.*, British Patent Trade-Mark Cases, Vol. 21, p. 161, the license was a license to “use and exercise” the invention of a combination patent. Justice Byrne, in the Chancery Division of the High Court of Justice, said (p. 173):

“I think that the true meaning of the agreement is that the goods sold under the license must be manufactured by the licensees, but I also think that they are not the less manufactured by them within the meaning of the clause, if they are manufactured for them by a third party, and a price is paid for that.”

It is also pertinent to note that the above cases, particularly *Illingworth v. Spaulding*, in its approval of Section 282 of Walker on Patents, *Stone-Cutter Co. v. Shortsleeves*, *Woodworth v. Curtis*, and *Dunlop Pneumatic Tyre Co. v. North British Rubber Co.*, expressly recognized the right of the licensee to have the device made for him by others than himself. To the same effect is *Montrose v.*

*Mabie*, 30 F. R., 234, in which Judge Brown said:

“A license to a man engaged in business to make and sell a patented article in his business generally, unless there were something else to restrict it, would manifestly be co-extensive with his business and would continue until his business was wound up. The licensee in such a case is not restricted to manufacturing with his own hands, or selling by his own personal efforts only. He may employ as many hands, and as many salesmen and agents as his business will admit. So long as the articles are made and are sold in his business, and for his use and benefit, the sale would be within the license, though effected by the hands of hundreds of different agents and employees.”

And the cases above cited expressly state the immunity of the maker for the licensee.

Thus Sec. 298 of Walker on Patents, cited in *Illingworth v. Spaulding*, 43 F. R., 827, states that the license

“will protect those others in making them for the use of the licensee.”

Judge Wheeler in *Steam Stone-Cutter v. Shortsleeves* (Fed. Case, 13,334) says the license will

“cover the making them by the one procured to make them.”

And Judge Taft in *Thomson-Houston v. Ohio Brass Co.*, 80 F. R., 720, says that a manufacturer

"may make such a machine upon the order of a patentee or licensee, but not otherwise."

The language of the Circuit Court of Appeals for the Third Circuit in the case of *Johnson Railroad Signal Co. v. Union Switch & Signal Co.*, 55 F. R., 487, is directly in point. The Court said (p. 487):

"As respects the first, the facts are that the railroad company, first named, having acquired a right by license to make and use the signals on its lines, contracted with the appellant to make and erect them for a stipulated compensation, and that the latter did make and erect them accordingly. *This was not a violation of the appellee's rights.* The appellee, however, claims that it was, because the transaction, as it thinks, constituted a sale within the meaning and prohibition of the patent laws. A contract to make and deliver specified articles for a given sum, is held under the statute of frauds not to constitute a sale, but simply an agreement for materials and labor. *Mixer v. Howarth*, 21 Pick. 205; *Spencer v. Cone*, 1 Metc. (Mass.), 283; *Goddard v. Binney*, 115 Mass., 450. It is unimportant here, however, by what name the transaction is designated. No injury resulted to the appellee. The appellant did for the railroad company, at its instance, only what the latter had a right to do under its license. The suggestion that it could not employ others to make the signals for its use, but must make them itself at its own shops, by its own workmen, is unwarranted by anything found in the license, or elsewhere. As it had a right to

make them, the appellee is not interested in the place or manner of its exercise. Nor is there any support for the suggestion that the appellee is entitled to a profit on the manufacture. The right to such profit passed with the license, irrespective of the individual who might do the work." (Italics ours.)

In accordance with the foregoing authorities, the Government after June 25, 1910, became a licensee to use the invention of the patent in suit. As such it had full right to have the devices made for it by others, who were protected by the license. The fact that the defendant may make a profit out of the making "was not a violation of the appellee's (plaintiff's) rights," and the plaintiff is not entitled "to a profit on the manufacture." "The right to such profit passed with the license, irrespective of the individual who might do the work."

Having reference to the foregoing line of cases, our opponents have contended that they are to be distinguished from the present case on the ground that they involved express contracts, whereas here we deal with a law that defines a government right to take property. But the general principle under which the foregoing cases were decided is broad enough to cover such cases as the one at bar. In *Gelpcke v. Dubuque*, 1 Wallace 220, it was said:

"What is implied in a statute is as much a part of it as what is expressed."

*Wilson v. Bank*, 103 U. S., 770, is a case that affords a close parallel to the present case. There a Tennessee statute did not explicitly

authorize the county to issue bonds, but provided that subscriptions to the capital stock of a certain railroad company might be taken in county bonds. The Court said:

“We think, therefore, that the power of the county \* \* \* to issue bonds in payment of stock \* \* \* is beyond question.”

If the authorization to subscribe bonds in payment for stock implies the right to issue the bonds, just so the authorization to use the apparatus of a patented invention implies the right to have made the apparatus to be used.

In *Brooks v. United States*, 39 Ct. Cls., 494, a contract with the Government for the building of certain vessels contained provisions which (as in the case at bar) could not be carried out unless the contractor in constructing the vessels used a certain patented method. It was held that the patentee had an implied contract with the Government. But the Government contended that as only the contractor used the patented method, the Government was not liable. The Court of Claims held that the use of the method by the contractor in the construction of the vessels was a taking by the Government, thus rendering the Government liable under the implied license. Speaking through Mr. Justice Peelle, the Court said:

“The first question, therefore, is, What is a taking within the meaning of that clause of the Constitution? We think it may be regarded as settled law that where an officer of the Government, having authority to act, takes or appropriates to public use property, admitting it to be private property, an



implied contract will arise to make compensation.

. . .

“But when the Government, by its proper officer, having authority to use and appropriate a patented invention, the ownership of which it concedes in the patentee, obligates a contractor, in express terms, to use such invention, it is bound to know that such contract cannot be executed without the use and consequent taking of such invention; and having been so taken, the Government cannot successfully defend on the ground that the use by the contractor was an infringement for which no liability attaches to the Government, for the reason that the taking was by direction of the Government with the consent of the owner of the patent.

. . .

“It would seem that when the United States required the contractor to use the claimant's invention, nothing was left to consummate the taking but the execution on the part of the contractor of the operative or mechanical act of its use. It is in analogy as if the Government had employed the contractor to carry out its predetermined purpose in the use of the particular method of caulking and thereby mediately instead of immediately, reached the result.

“The taking was not of a thing having physical existence, like lands or cattle, but was of an ‘exclusive right’ secured to the claimant by the Constitution (Art. I, Sec. 8), which gives such right the character of property. And the laws which have been passed to give effect to that purpose have been construed, as Chief Justice Marshall said they ought to be, ‘in the spirit in which

they were made.' (*Grant v. Raymond*, 6 Pet., 218-242.)"

In the Brooks case the compensation awarded was upon the basis of an established license fee, which fee was a sum equal to the first cost of caulking the deck, the sum being paid for the privilege of employing the method *in the building of the ship*. The Court found in the VIth finding of fact that the license fee had been paid by other contractors for the privilege of so constructing similar vessels, and that (finding IX) such fee was reasonable "for the use of the claimant's method of caulking *in the construction of the vessels*." The compensation awarded, therefore, was based, not upon the Government's "use" in a limited sense, but upon the use of the invention made *by the contractors* before the vessels came into the possession of the Government.

In this very case now before your Honors, the Court of Appeals of the Third Circuit said (211 F. 124, 153):

"But since the suit was brought, the Act of 1910 has been passed, and has been interpreted by the Supreme Court in the recent case of *Crozier v. Krupp*, 224 U. S., 290, 32 Sup. Ct., 488, 56 L.Ed., 771. This statute, we think, furnishes a practical solution of the questions arising upon this branch of the case. Even if the plaintiffs did not disclaim the desire to interfere with the Government's possession of the vessels, there is no longer any ground upon which a final injunction can be properly rested, *even in a suit against a contractor with the Government*, where the dispute concerns such property as vessels of war."

In behalf of the plaintiffs in the District Court, it has been maintained that under the Act of 1910, the contractor in such a case as the present case must account for his "profits" in *making* the patented devices and the Government must account for compensation in its use thereof and that there is no overlapping of these claims. In the first place it should be noticed that "profits" are not "compensation." Profits may fall far short of mere compensation or they may go far beyond it according to the fortune and ability of the party. But compensation is plenary and more exact. The Master in this case held the view that because the defendant before him made profits, therefore the plaintiff should get them, ignoring the circumstance that profits in themselves are not wrongful and that before they can be awarded the right to an injunction must be established to give jurisdiction to go on and assess these profits. *Root v. Railway Co.*, 146 U. S., 210.

The vital question in this case is whether defendant's action is non-infringing or infringing in character. It is absurd to confuse this question with the question of whether defendant has made a profit or not. If the Government's status is that of an infringer, then of course, it follows that defendant is open to suit as an infringer, and in such an action is liable to an injunction and an accounting whether it made profit or not; but if the status of the Government is not that of an infringer then defendant is not an infringer and is not liable to an infringement suit, also whether it made profit or not.

There can be no doubt that had the plaintiff,

on June 25, 1910, executed a formal written license to the Government to use the invention of the patent in suit in consideration of paying a license fee to be thereafter fixed by the Court of Claims, the defendant's act in building for the licensee the apparatus complained of would be deemed a lawful, non-infringing transaction under the authorities hereinbefore cited. That, we submit, in effect is the situation here.

If this Court, having decided that the Act of 1910 protects Crozier, an officer of the government, should now decide that it does not protect the Cramp Company, a contractor with the government, it must be evident that many intermediate cases will constantly be arising as to which the line will have to be drawn again and again. How will it be when the contractor does his work on the basis of "cost plus a percentage"? Or when his control over his employees is not that of a private employer, but the employees are subject to special government order and restraint as is now the case in England? Or when the device is finally actually made by a government officer but the contractor does all the work except the last step? Or when at every step a government officer may interfere and modify the plan on some basis of adjustment, as in the present case? We submit that it is not the intent of the law to draw a line among these various cases, but rather to give the government a plenary right of appropriation and to give the patentee a like right to be compensated.

**The Act of 1910 Made Provision for the Exercise of the Right of Eminent Domain and Was Not a Mere Permission to Bring a Tort Action Against the Government in the Court of Claims.**

The contention of the respondent is in effect that the Act of 1910 was not the exercise of the right of eminent domain, as was decided in *Crozier v. Krupp*, but merely gave to a patentee the right to sue the government in a tort action in the Court of Claims, thus leaving it in the power of the patentee to sue those carrying out the government's desires, such as its officers and contractors, making them liable to injunction and accounting for profits and damages. In view of this contention we submit the following review of the situation existing before the passage of the Act, the disadvantages to both patentees and the government which the Act sought to remedy, and the justice and simplified dealing resulting from its operation.

**1. THE SITUATION ANTECEDENT TO THE ACT OF 1910.**

In *Crozier v. Krupp*, 224 U. S., 290, the Court said (p. 303):

“The enactment of the statute, we think grew out of *the operation* of the prior statute law concerning the right to sue the United States for the act of an officer in infringing a patent as interpreted by repeated decisions of this court.” (Italics ours.)

After citing its previous decisions on this subject, the Court continued (p. 304):

“In other words, the situation prior to the passage of the Act of 1910 was this. Where it was asserted that an officer of the Government had infringed a patent right belonging to another—in other words, had taken his property for the benefit of the Government—the power to sue the United States for redress did not obtain unless from the proof it was established that a contract to pay could be implied—that is to say, that no right of action existed against the United States for a mere act of wrongdoing by its officers.”

An examination of previous cases in the Court of Claims, the Circuit Courts of Appeal, and the Supreme Court shows that “the operation of the prior statute law” resulted in injustice to patentees in depriving them of compensation for the appropriation of their inventions by the Government, its officers, agents, etc., and in annoyance and harassment of the Government and those dealing with it in the resulting attempts to do indirectly that which could not be done directly.

On the one hand, the patentee could not sue for an appropriation of his invention by the Government, and could have no recovery for Government use of his invention unless he could prove a contract express or implied (*Schillinger v. United States*, 155 U. S., 163; *United States v. Berdan Firearms Mfg. Co.*, 156, U. S., 552). The wide range of activity of the Federal Government, extending to the making and purchasing from contractors of war material, dredging waterways, building public works, carrying on the postal service, etc., brought forth a numerous

class of claimants whose inventions were used in the public service. Many of these inventions had no useful application except in Government service, and, if used by the Government itself or those dealing with the Government, the patentee could get no return from his invention unless he could get it from the Government. To do justice to this class of patentees, and likewise in cases where the contractor only employed a patented process, the unpatented article produced thereby being used by the Government (as in *Schillinger v. United States*), it was essential that the Government be held liable for all of its use of an invention.

On the other hand, the Government was subjected to annoyance and, in some cases grave danger, by reason of having to defend suits against itself and against its officers and contractors, being compelled to resist attempts to enjoin its officers and contractors, and risk the disclosure of intimate details of Government business in suits nominally between private parties, and limit its transactions in many articles to dealings with patentees only. Moreover, by reason of the uncertainty of those dealing with the Government as to their rights and the rights of the Government, it was seriously hampered in its freedom of obtaining patented devices, being compelled in many cases to deal only with patentees and submit to arbitrary and unfair exactions.

The reports of the Court of Claims abound with cases recording the attempts of inventors to collect pay from the Government by reason of the Government's use of inventions, either directly by the Government in its own yards and by its own employees and officers, or by contractors

with the Government. In the majority of these cases, unless recovery could be had from the Government, the patentee would go without compensation. Especially was this so if the contractor happened to be financially irresponsible, for in that case there was no hope of collection even if a decree were rendered.

Because of the law as laid down in *Schillinger v. United States*, 155 U. S., 163, the majority of cases in the Court of Claims were cases in which the patentees attempted to prove an implied contract. Because of the difficulty of proving an implied contract, few patentees succeeded in collecting anything from the Government. Failing to collect from the Government, there arose a large class of cases in which patentees sought to do indirectly that which could not be done directly. The reports show numerous suits brought against officers of the Government attempting to enjoin the officers and hold them personally responsible; also numerous suits against contractors attempting to enjoin them and hold them personally responsible.

But, so far as we can find, in no case prior to the passage of the Act of 1910 was any officer or contractor ever actually enjoined or compelled to pay personal profits or damages by reason of the infringement of a patent as a necessary incident to Government work. At best, the right to maintain an action even against a contractor upon Government work was challenged and uncertain, and, if it existed at all, existed in theory only. The decisions of numerous courts, prior to the passage of the Act (among them the decision of the Circuit Court of Appeals for the Fourth Circuit in *Dashiell v. Grosvenor*, 66 F. R., 334),



had ruled squarely against the right of a patentee to maintain any such action. § This Court itself has never decided that such a suit could be maintained, and as late as 1896, in affirming the case of *Dashiell v. Grosvenor* upon the ground of non-infringement, reserved its opinion on the question of the right to maintain actions of this kind, saying (*Dashiell v. Grosvenor*, 162, U. S., 425, 434):

“This conclusion also renders it unnecessary for us to consider the questions discussed by the Court of Appeals in its opinion, in respect to one of which see *Belknap v. Schild*, 161, U. S., 10.”

(a) *Suits in the Court of Claims Attempting to Recover Compensation.*

These suits illustrate the character of use which the Government made of inventions, directly and through its contractors, and also the difficulties of patentees in attempting to get jurisdiction. Some of the cases in the Court of Claims were referred to that Court by special Act of Congress; in a few cases, the patentees succeeded in proving an implied contract; but in the majority of cases the patentee unsuccessfully sought to prove an implied contract.

One of the earliest cases is *Pitcher's* case in 1864, 1 Court of Claims, 7, in which Pitcher

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§The decision of the Circuit Court of Appeals for the Third Circuit in *Curtis Co. v. Cramp Co.*, 211 F. R., 124, is contrary to that of the Fourth Circuit in *Dashiell v. Grosvenor*, but was not rendered until several years after the passage of the Act of 1910. The decision of the Court of Appeals of the District of Columbia in 1908 in *Krupp v. Crozier*, 32 App. D. C., was contrary to that of the Fourth Circuit Court of Appeals in *Dashiell v. Grosvenor*. The opinion in this Krupp case makes no allusion to the Dashiell case.

sought to recover from the Government for the use of a patent on a machine for making brooms. The Court held that it had no jurisdiction of an infringement case unless accompanied by a contract.

Between the date of the Pitcher decision and 1910, among the numerous cases the following may be mentioned as showing the character of the transactions involved:

*Dahlgren v. United States*, 16 Court of Claims, p. 30; *Morse Arms Co. v. United States*, 16 Court of Claims, p. 296; and *Henry v. United States*, 19 Court of Claims, 120, were cases in which the patentee sought to recover by reason of the manufacture of war material by the Government in its own arsenals.

*United States v. Palmer*, 128 U. S., 262, and *Butler v. United States*, 23 Court of Claims, 335, were cases in which war material was manufactured by contractors and used by the Government.

*Beach v. United States*, 41 Court of Claims, 110, was a case in which pneumatic tubes were made for and used by the Post Office Department.

*Farnham v. United States*, 47 Court of Claims, 207, was a case in which the Government manufactured stamp books at the Government Printing Office and sold them through the Post Office Department.

*Brooks v. United States*, 39 Court of Claims, 494, was a case in which a contractor making a vessel for the United States used a method of caulking decks and the Government was held liable for a license fee by reason of the contractor's use of the method.

(b) *Unsuccessful Attempts to Enjoin and get Remedial Action against Officers and Contractors.*

One of the earliest cases is *Heaton v. Quintard*, 7 Blatchf., 73; Fed. Case 6311, in which a bill was filed in 1863, in the Eastern District of New York by Heaton, a patentee, praying for an injunction and accounting against Quintard, a contractor, by reason of the alleged infringement by Quintard, and his men in placing a patented armor on the monitor *Onondaga* then building at Quintard's shipyard for the United States Navy.

This case strikingly illustrates what this Court in *Crozier v. Krupp* refers to as "the grave detriment to the very existence of Government which might result from interference with the right of the Government to make and use" the invention of a patent. Had the suit been filed against the original monitor in 1862 instead of in 1863, and had Quintard, the contractor, and his employees been compelled to spend a day or two in Court explaining why an injunction should not be granted, a different history would have been written of events at Hampton Roads. Judge Blatchford had no illusions on the subject. He said:

"One of the defences set up in the answer is, that, as the wooden armor and outside plating were built in consequence of an order given for that purpose by the Secretary of the Navy of the United States, and were applied to a vessel built for the United States, and were paid for to the defendants by the Secretary of the Navy, the defendants are not liable for any value which such armor may have been to the United

States. I think this is a good defence. To hold that workmen and employees of the Government, who do work for it upon a vessel owned by it, and are paid by it for doing such work, such work being done in a specific form by the orders of the Government, can be held liable in a court of the United States for infringing a patent by doing such work, would be, in effect and substance, to allow the Government itself to be sued, in the guise of a suit against its workmen, and would lead to embarrassments of the operations of the Government which might prove of serious detriment."

In 1874, *Cammeyer v. Newton*, 12 Blatchf., 122; Fed. Case 2345, was decided by Judge Blatchford. In that case, the defendant General Newton was charged with infringement of a patent on a portable and adjustable still water dam in the work of enlarging the channel through Hell Gate carried on by the Government. Although the suit was dismissed upon the ground of non-infringement, nothing contained in Judge Blatchford's opinion in any way admits the legality of maintaining such an action. On appeal, this Court in 1876 (*Cammeyer v. Newton*, 94 U. S. 225) affirmed Judge Blatchford upon the same ground. Although this Court referred to the fact that agents of the public had no more right to use a patented invention without license from the owner of the patent than private individuals have, it did not hold that any Court had jurisdiction to enjoin, or decree profits or damages, against an individual carrying out Government work. It was not necessary to so decide in that case, because the patent was invalid.

In 1879, in *Campbell v. James*, 14 Blatchf., 42; Fed. Case 2361, in a suit against the Postmaster of New York, for infringement of a patent for post-marking letters and cancelling stamps, Judge Wheeler directed the entry of a decree for an account of profits and damages. Upon appeal this Court in *James v. Campbell*, 104 U. S., 356, held the patent invalid, and, although affirming the principle that the Government has no right to use an invention without compensation, said (p. 359):

“The course adopted in the present case, of instituting an action against a public officer, who acts only for and in behalf of the Government, is open to serious objections. We doubt very much whether such an action can be sustained. It is substantially a suit against the United States itself, which cannot be maintained under the guise of a suit against its officers and agents, except in the manner provided by law.”

And the Court added:

“But as the conclusion which we have reached in this case does not render it necessary to decide this question, we reserve our judgment upon it for a more fitting occasion.”

In 1876, in *Brady v. Atlantic Works*, 4 Cliff., 408; Fed. Case 1794, Justice Clifford directed a decree for an accounting, but deferred the question of injunction in a suit against a contractor who had built a dredging boat under contract with the United States. Upon appeal this Court (*in Atlantic Works v. Brady*, 107 U. S., 192) followed the same course as it had fol-

lowed in *Cammeyer v. Newton*, 94 U. S., 225, and *James v. Campbell*, 104 U. S., 356, and held the patent invalid. No reference was made to the question of the right to maintain the suit, the Court evidently deeming that a repetition of what was said in *James v. Campbell* was unnecessary. Elsewhere our opponents have argued that because the Court based its decision on the invalidity of the patent, this presupposes that the Court considered itself to have jurisdiction to award an injunction or an accounting against the nominal defendant. We submit that the express disclaimer of any such inference in *James v. Campbell* and later in *Dashiell v. Grosvenor* (infra) sufficiently answers this contention.

In *Benedict & Burnham Mfg. Co. v. Hollister*, 4 F. R., 83, Judge Shipman, in the District of Connecticut, without making any reference in his opinion to the right to maintain such a suit, directed a decree for an injunction and an accounting in a case against a Postmaster for infringement of a patent for an improvement in revenue stamps. Upon appeal this Court (*Hollister v. Benedict & Burnham Mfg. Co.*, 113 U. S., 59) dismissed the bill upon the ground of the invalidity of the patent, but, after pointing out that in *James v. Campbell* the Court had declared the right of a patentee to be exclusive of the Government of the United States, said:

“But doubts were expressed whether a suit could be sustained, such as the present, against public officers, or whether a suit upon an implied promise of indemnity might not be prosecuted against the United States by name in the Court of Claims. If the right

of the patentee was acknowledged, and, without his consent, an officer of the Government, acting under legislative authority, made use of the invention in the discharge of his official duties, it would seem to be a clear case of the exercise of the right of eminent domain, upon which the law would imply a promise of compensation, an action on which would lie, within the jurisdiction of the Court of Claims, such as was entertained and sanctioned in the case of *The United States v. The Great Falls Manufacturing Co.*, 112 U. S., 645. And it may be, that, even if the exclusive right of the patentee were contested, such an action might be brought in that court, involving all questions relating to the validity of the patent; but, as we have concluded to dispose of the present appeal upon other grounds, it becomes unnecessary to decide the question arising upon this defence. It is referred to only for the purpose of excluding any inference that might be drawn from our passing it over without notice."

In 1883, Judge Shipman, in the case of *Forehand v. Porter*, 15 F. R., 256, directed a decree for an accounting in a suit against the Master Armorer at the United States Armory at Springfield, Mass. No injunction was granted and it does not appear that the case ever went any further than the opinion.

In 1891, in *Head v. Porter*, 48 F. R., 481, Judge Colt, in a suit against the Master Armorer at the Springfield Armory, overruled a plea to the jurisdiction. It does not appear that this case went any further.

In 1887, the case of *Bélknap v. Schild*, 161 U.

S., 10, was commenced against army officers for an injunction and an accounting for infringement by reason of the use of a caisson gate for the Government. A plea to the jurisdiction was overruled, and the Circuit Court made an interlocutory decree directing an injunction and an accounting. Upon appeal this Court in *Belknap v. Schild*, 161 U. S., 10, held that the suit was really intended to defeat the use of the gate by the United States, and that "the suit could not be maintained without violating the principles formed in a long series of decisions of this Court." Of course, after holding that there was no right of injunction, such ruling carried with it the corollary that no equitable action could be maintained, and the Court then proceeded to point out that no recovery could be had for profits. The bill was ordered to be dismissed upon the ground that there was "no ground for equitable relief, by injunction, by accounting of profits, or otherwise."

In 1894, in *Grosvenor v. Dashiell*, 62 F. R., 584, Judge Morris, in the District of Maryland, directed a decree for an injunction and an accounting of profits and damages. The defendant, although he was a naval officer connected with the Bureau of Ordnance, had an agreement with the Government by which he was to be paid a royalty of \$125.00 for each gun. The guns were manufactured at the Washington Navy Yard under the supervision of the Bureau of Ordnance of which Commodore Folger was the Chief. Judge Morris pointed out that

"The testimony shows, however, that the manufacture is by authority and direction of the defendant, and under a contract with him



by which he is to be paid \$125.00 for each gun. So far as he is concerned, he is not acting in this connection as an officer of the Navy, but as a patentee." (P. 587.)

Upon appeal to the Circuit Court of Appeals for the Fourth Circuit, that Court reversed the decree and directed a dismissal of the bill upon the ground that such an action could not be maintained. The opinion of the Circuit Court of Appeals for the Fourth District, written by Judge Goff in 1895 (*Dashiell v. Grosvenor, et al.*, 66 F. R., 334), pointedly says (p. 336):

"Should a suit instituted under such circumstances and with such intention be sustained? Do not public policy and the rights of the Government in its sovereign capacity require that parties feeling themselves aggrieved on account of matters relating to such transactions as we have alluded to—to such circumstances as are set forth by the evidence taken and filed in this case—should be compelled to seek relief and compensation, if so entitled, by proceeding in another manner, and before another tribunal, and that the courts should not use their writs of injunction so as to retard and embarrass the Government in the prosecution of work, the product of which is absolutely essential to the public welfare and the national defense? We think that the consent of the owner of a patented device, while it is desirable, and should be obtained, if it conveniently and reasonably can, is not positively necessary in order to enable the United States to use the invention described in the letters patent, particularly in cases where it relates to the mode of construction of implements of warfare re-

quired by the Government, and indispensable to the armament of its vessels of war. Such right to take and use the property of the citizen for Government purposes is indisputable,—an inborn element of sovereign power essential to the independence and perpetuity of the nation.”

The Court also points out that under the right of eminent domain the Government has the right to use an invention and that, because Congress had provided for a procedure of condemnation of private property in certain instances and not in others, it did not imply that the power to take the property did not exist as to the other matters. The Court then added (p. 338):

“We do not think that contending patentees, striving between themselves and those interested with them as to the validity of their respective letters patent, should be permitted to close the arsenals, ordnance shops, and navy yards of the United States by injunctions issuing out of their litigation, thereby frustrating the designs of the Government, rendering inoperative the legislation of Congress germane thereto, and causing great loss of the public funds appropriated by Congress in execution of the same. It is true that the United States is not made a party to this action, but it is also true that it is disclosed by the pleadings and evidence that the cannon, the further making of which it is the object of this suit to enjoin, are now being manufactured at the Navy Yard of the United States at Washington, by the employees of that establishment, under the direction of the chief of ordnance of the Navy Department; and it is apparent that such an

observance of the injunction granted by the court below as should be shown by those to whom it is directed, and as must necessarily be required by the courts while it is of force and effect, will close said navy yard, so far at least as the manufacture of breech-loading cannon is concerned, and thereby prevent the enforcement of certain laws of the United States, the consummation of which is of national importance."

The Court then directed a dismissal of the bill.

Upon appeal, this Court (*Dashiell v. Grosvenor*, 162 U. S., 425) affirmed the Circuit Court of Appeals upon the ground of non-infringement, but added:

"This conclusion also renders it unnecessary for us to consider the questions discussed by the Court of Appeals in its opinion, in respect to one of which see *Belknap v. Schild*, 161 U. S., 10; but for the reasons stated its decree, dismissing the bill, is affirmed."

In 1902, in the case of *International Postal Supply Co. v. Bruce*, 114 F. R., 509, a suit against a Postmaster for infringement by reason of using certain alleged infringing stamp cancelling machines, his Honor, Judge Coxe, upheld a plea to the jurisdiction and dismissed the bill. The question in that case was certified to this Court, and it was held that the action could not be maintained. (*International Postal Supply Co. v. Bruce*, 194 U. S., 601).

The reasoning of this Court in the Bruce case follows closely along the precedent established in *Belknap v. Schild* (supra). In the Bruce case

the Government was the lessee of the stamp cancelling machines, and the Court held that it could not entertain a suit that attempted to interfere with this undoubted property right of the Government.

In the opinion in the case of *Krupp v. Crozier*, 32 App. D. C. 1, there is no mention of the decision of *Dashiell v. Grosvenor* by the Fourth Circuit Court of Appeals (*supra*), which was the highest authoritative utterance on the subject up to that time, but the decisions in the two cases are distinctly contrary to one another. The Court of Appeals of the District of Columbia enjoined Crozier from making infringing guns for the Government and distinguished from *Belknap v. Schild* and *International v. Bruce* on the ground that its injunction related to property not yet possessed by the Government, and hence no interference with Government property was involved. This attempted differentiation seems to have been fully answered by the dismissal of the suit by this Court (224 U. S., 290).

## 2. ADJUDICATIONS OF THE ACT OF JUNE 25, 1910.

In addition to the decision and opinion of this Court in *Crozier v. Krupp*, 224 U. S., 290, the Act of 1910 has been considered by the lower courts in the following cases:

In *Firth v. Bethlehem*, 216 F. 755, 762, 766, it appeared that the defendant was manufacturing projectiles, some of which were for the Government and some for other parties. All of the acts complained of occurred prior to the passage of the Act of 1910. The Court enjoined the defendant, except as to making projectiles for the Government, but held it liable on accounting, on

all classes of projectiles. On appeal to the Court of Appeals for the Third Circuit (224 F. 937), the patent was adjudged to be anticipated and invalid, and on this ground the lower court was reversed.

The case of *Marconi v. Simon*, 227 F. 906 (opinion of Judge Hough), was decided squarely on the ground that the Act of 1910 protects a contractor with the Government. This Marconi case is a companion case scheduled to be heard in this Court at the same time as the present Cramp case. On appeal to the Court of Appeals for the Second Circuit (231 F. 1021), the lower court was affirmed by a majority decision on the opinion of Judge Hough, and Judge Ward wrote a short dissenting opinion.

Judge Ward's dissenting opinion makes no mention of the *Crozier v. Krupp* case and assumes that prior to the Act of 1910 the Court of Claims was open to a patentee when the Government took his patent property.

In *Marconi v. Kilbourn*, 239 F. 328, 355, the Court stood on the same grounds as relied upon by Judge Hough and the majority of the Court of Appeals of the Second Circuit affirming him in the *Marconi v. Simon* case. The opinion in the *Kilbourn* case says:

“As to the apparatus furnished to the United States, this Court, in view of the Act of 1910 has not jurisdiction, either over a suit for an injunction, or for an accounting.”

The only other adjudications of this Act of 1910 that we have found are those of the lower courts in this case now before your Honors, namely, at 202 F. 959, 211 F. 124, 153, and 232 F. 166.

### 3. NEED FOR A STATUTORY DEFINITION OF A GOVERNMENT RIGHT TO OPERATE UNDER A PATENT.

In this state of the law, prior to the passage of the Act, it could hardly be said that a patentee could secure an injunction, or recover profits, or maintain any equitable action against even a contractor with the Government. At best, if the right to maintain such a suit existed, it existed in theory only. While some district courts had taken jurisdiction and decreed against Government officers as well as contractors, mainly upon the theory that the question had not been squarely decided by the Supreme Court, the definite pronouncement of the Circuit Court of Appeals for the Fourth Circuit in 1896 in *Dashiell v. Grosvenor*, 66 F. R., 334, against the right to maintain such a suit, was the only decision of a court of as high rank as the Circuit Court of Appeals on the subject, except the Court of Appeals of the District of Columbia in *Krupp v. Crozier* in 1908, and, indeed, this Court had never decided that such an action could be maintained, had indicated doubt as to the possibility of sustaining such an action, and had in *Belknap v. Schild* and *International Postal Supply Co. v. Bruce*, squarely held that upon the facts in those cases the suits could not be maintained.

As further bearing upon the operation of the prior statute law, in view of which the Act was passed, this Court (in *Crozier v. Krupp*, 224 U. S., 290, 303) refers to five prior decisions of the Court. Of these cases *United States v. Berdan* and *Harley v. United States* apparently related to devices manufactured and used in Government shops; *United States v. Palmer* related to infantry equipments "manufactured or

purchased'' for the Army; *Schillinger v. United States* was for a patented process used by a contractor in laying the pavement in front of the Capitol building at Washington; and *Russell v. United States* related to rifles manufactured by a Norwegian Company under contract with the United States Government.

In none of the reported cases is a distinction drawn between an officer and contractor.

In these circumstances, at the time of the passage of the Act of 1910, the disadvantages to the Government and the patentee may be stated somewhat as follows:

From the standpoint of the patentee, if the Government or its agents appropriated an invention, whether by building machines in Government shops, employing contractors to build them, participating in the use of a process by a contractor, or otherwise, there was no forum in which the Government could be made to pay a reasonable compensation for such use as was made of the invention, unless an implied contract could be shown. To show an implied contract in the Court of Claims was almost impossible; to endeavor to make the Government pay by interfering with its operations, as by enjoining its officers or agents, was a hopeless procedure. No one had succeeded in actually doing it, and the weight of authority, we submit, was against it. To attempt to get compensation by seeking the personal profits or damages of an officer or contractor was practically hopeless. Since the right to equitable relief depends upon jurisdiction for the purpose of granting an injunction (*Root v. Railway Co.*, 146 U. S., 210), no one had succeeded

in collecting any profits or damages from a Government officer or contractor.

To the credit of the patentees of the country it must be said, however, that the vast majority, if not all, of the reported cases indicate that the real object of the patentees, both in suing the United States directly, and in suing officers and contractors indirectly, was to recover some remuneration for the appropriation of their inventions, and not to embarrass the Government by injunction which would prevent use of the invention. The vast majority of patentees in this country are patriotic men who have no wish to withhold from their Government any invention that they may make, nor do they wish to have the right to impede the Government in carrying on any of its operations, and especially operations concerned with the procuring of war material.

From the standpoint of the Government, it is essential to its sovereign rights that it shall be free to appropriate and use directly and indirectly the invention of any patent just as it may appropriate for its use any other property. The man who owns a patent right stands on no higher footing than the man who may own an automobile or a yacht or real estate, when the needs of the public require the appropriation of such property. The Government must use inventions in many ways—in manufacturing material in its own shops, in having the material manufactured in rented shops, in contracting with others to manufacture material, in employing or contracting with others to employ processes, and even, in some cases (*Farnum v. U. S.*, 47 Ct. Cls., 207, for example), manufacturing and selling patented devices. In such contracts the consideration may be fixed or may be on a “cost



plus'' basis, and may be more or less conditional. Freedom in carrying on the operations of the Government requires that the use of these inventions shall not be interfered with either by injunction against officers or contractors, or by requiring the Government or its officers or contractors to go to Court to explain the urgency or expediency of appropriating the invention. It should not be permitted that the transactions of the Government, or even its contractors, be dragged out and spread upon the public records in suits between private individuals, as for example, the attempt to spread out intimate confidential details of torpedo boat destroyer turbine design in an accounting proceeding between private parties as in the present case;\* and those dealing with the Government should not be frightened away or harassed by threats of infringement suits.

#### 4. SCOPE AND EFFECT OF THE LAW OF JUNE 25, 1910.

All of these desired objects the Act of 1910 accomplishes. It meets the situation by writing what is in effect a license agreement between the Government and the patentee. It says to the patentee that the Government will pay a reasonable compensation for the use of valid patents. To ensure that payment, conformably with analogous proceedings under the right of eminent domain, the Act permits the patentee to go to

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\*The stringent instructions of the Navy Department as to preserving secrecy regarding the plans, specifications and drawings of its contracts with the petitioner Wm. Cramp & Sons Ship & Engine Building Co. appear in the report of the case of *In re Grove*, 180 F. R., 62, C. C. A., 3rd Circuit, which case arose out of the fact that the president of the Cramp Co., petitioner here, refused to disclose such plans, in the case at bar, and was required to answer a charge of contempt of court therefor.

the Court of Claims to show his title and have the amount of his compensation fixed. The patentee shows to the Court of Claims that he has a valid patent, and that the Government has made use thereof; the Court of Claims thereupon fixes the reasonable compensation, and the patentee is assured of payment by the most responsible source in the country. This complies fully with the requirements necessary to the taking of property under the right of eminent domain. *Crozier v. Krupp*, 224 U. S., 290, 306. There is thus no harassing accounting of profits by either the Government or its agents nor any assessment of damages, but the Court fixes a *reasonable compensation* for the use of the invention.

The Act gives an additional remedy to the patentee—a substantial remedy; it provides that he shall recover compensation, whereas before he could not do so.

That the operation of the prior statute law involved not only the injustice of depriving patentees of their just compensation, but also involved serious hindrance and embarrassment to the operations of the Government was no doubt in the mind of the Court in deciding *Crozier v. Krupp*, as appears by the reference of the Court in its opinion (p. 306), to

“the grave detriment to the very existence of government which might result from interference with the right of the government to *make and use* instrumentalities of the character of those with which the patents in question are concerned.” (Italics ours.)

Thus the duty of making compensation to the patentee was not the whole object to be accom-

plished. An object of equal importance was to insure that the Government should be free and uninterrupted in its use of patented inventions.

This was only fair. Since the patentee is to be compensated for whatever use is made of his invention, the Government must not be hampered in its operations. As the Government must always act through its officers and agents, and has customarily carried on a large part of its work, such as building highways, dredging waterways, erecting public buildings, and building ships, through contractors, it is obvious that duly authorized use by these instrumentalities without "interference" was contemplated by the Act.

It is hardly conceivable that Congress would have authorized the payment of compensation for the use of an invention, and at the same time reserved to the patentee the right to enjoin or harass those doing the work for the Government, perhaps subjecting them to the payment of extra compensation, and perhaps, under the guise of a suit between private individuals, spreading upon the public records intimate details of the Government's Army and Navy secrets, the Government itself not being a party and perhaps not even notified of the suit or the particular proceeding or time when such secrets are divulged. Under such circumstances, the Government would find it difficult to procure the making of a patented machine, or the using of a patented process, by anyone other than the patentee. Obviously, the right to use inventions must, to be of any general use to the Government, be broad enough to permit the Government to have the invention practiced either

on its own land or elsewhere, by salaried employees as well as contractors.

There would have been no object for the Government to pay for the use of an invention if that payment did not cover the whole transaction and protect those carrying on the work for the Government.

The intention of Congress to thus safeguard the public interest is referred to by this Court in *Crozier v. Krupp*, as follows (p. 306), (224 U. S., 290):

“the vital public interest involved in the subject-matter of the patents in question and the grave detriment to the very existence of government which might result from interference with the right of the Government to make and use instrumentalities of the character of those with which the patents in question are concerned, of the purpose which the statute manifests to add additional protection and sanction to private rights, and the pledge of the good faith of the Government which the statute plainly implies to appropriate for and pay the compensation when ascertained as provided in the statute, we think there is no room for doubt that the statute makes full and adequate provision for *the exercise of the power of eminent domain* for which considered in its final analysis it was the purpose of the statute to provide.” (Italics ours.)

From the foregoing we submit that it is clear that the purpose of the Act of 1910 was to acquire for the Government, under the right of eminent domain, freedom from any “*interference with the right of the Government to make*

*and use instrumentalities*” forming the subject of letters patent.

5. THE ACT UPON ITS FACE EVIDENCES THAT IT IS NOT A MERE PERMISSION TO BRING A TORT SUIT.

(a) The remedy given by this act to a patentee whose invention is used by the Government is that he “may recover reasonable compensation,” not damages nor penalty. The Government does not indicate any disposition to classify itself as a tort feisor. The provision that the “owner may recover reasonable compensation . . . . in the Court of Claims” clearly marks the matter as an affair of eminent domain. This statute establishes the Government’s right to use the invention of a patent and provides a procedure to liquidate the compensation due the patentee on that account. It puts the Government in the position of a lawful user of the patented invention.

(b) In actions at law or suits in equity against non-Government infringers, Section 4920 of the Revised Statutes provides that

“in any action for infringement the defendant . . . . may prove on trial any one or more of the following special matters”

and there follows an enumeration of various possible grounds of attack against the validity of the patent. If, as our opponents have contended, this Act of June 25, 1910, was simply a consent by the Government that it might be sued as a tort feisor, as an infringer, then, of course, Section 4920 of the Revised Statutes would apply, without further enactment. But

if the Act was the exercise of the right of eminent domain, operating to confer a license on the Government, then a special enactment was proper in order to enable the Government to test the validity of patents under which claims should be asserted, because ordinarily a licensee is (in the absence of provision to contrary effect in the agreement) estopped from contesting the validity of the patent.

Therefore the express provision in the Act of 1910 that in a suit thereunder

“the United States may avail itself of any and all defenses . . . . which might be pleaded by a defendant in an action for infringement”

strongly implies that a suit thereunder is not an infringement suit. When the proviso says

“which might be pleaded by a defendant in an action for infringement”

it indicates that the suit contemplated under the act is not an action for infringement.

Our opponents have urged that it is unthinkable that a licensee could contest the validity of a patent. They seem to think that it involves some contradiction of terms in the very statement. Not so. License agreements may expressly reserve the right to the licensee to contest validity. In the present instance it is as if the Government took a license under such *valid* patents as it uses. Of course, an express license to use the *valid* patents of the licensor would not bar the licensee from showing that a particular patent asserted by the licensor was invalid.

(c) On the question of whether the Act of 1910 should be regarded as merely permitting the Government to be sued as a tortfeasor, or permitting the Government to exercise the right of eminent domain, we submit that other things being equal the view should be taken that is most consonant with the integrity and dignity of the Government. The right to a patent is a right that is created by the government, and the patentee receives it as a bounty from the Government. Like every other government of the world, the United States has hitherto in one way or another excepted itself from injunction under its own granted patents. Prior to 1910, the exception was effected, not explicitly, but by the omission to provide any legal procedure that could be invoked by the patentee against the Government for its use of the invention of his patent; but by the Act of January 25, 1910, the Government spoke directly and positively on this matter. Either it said "we hereby consent to be regarded as a wrongdoer" or it said "we hereby expressly assert the undoubted right of eminent domain and herein provide for the liquidation of compensation in such connection." We respectfully submit that the latter is the correct view. One method would have made the Government incriminate itself; the other put the Government in the position of a sovereign taking unto itself that which is necessary for the carrying on of the Government, and lawfully paying therefor.

#### 6. SOME ARGUMENTS THAT HAVE BEEN ADVANCED BY PLAINTIFFS.

- (a) The Constitution authorizes Congress  
 "to promote the progress of science and

useful arts, by securing for limited times to . . . . inventors the exclusive right to their . . . . discoveries.”

It has been suggested by our opponents that, according to this provision, the only thing Congress can do for an inventor is to give him an *exclusive* right or no right at all, but to give him a right which is less than exclusive would be unconstitutional. They argue that the patent statutes prior to 1910 gave him the exclusive right and that this act of 1910 cannot be construed in such a way as to diminish his exclusive right, that prior to 1910 his right was to exclude the Government *inter alia* from using his invention, that unfortunately he had no remedy against the Government even though he had the right, and that since the Act of 1910 the *right* of the Government is no greater than before, only the *remedy* of the patentee is increased, that since 1910 the Government has no right to use a patented invention and that the patentee's right is indeed exclusive of the Government.

We hold the contrary opinion that the constitutional provision was intended to mark the limit of the authority of Congress rather than precisely to define that authority. It means that the limit to which Congress can go in its effort to promote the progress of science and useful arts is to secure to inventors for limited times the exclusive right to their discoveries. Under the Constitution, Congress can give them an exclusive right or it can give them no right at all; we submit that the reasonable view is that it can confer some right intermediate between these extremes.



It was never the intention of the makers and adopters of the Constitution that it should sign away the undoubted governmental prerogative, the right of eminent domain, which, like other powers necessary to the powers of the Government, applies to all property, *West River Bridge Co. v. Dix*, 6 Howard, 507; *United States v. Lynah*, 188 U. S., 445; *Charles River Bridge Co. v. Warren Bridge Co.*, 11 Peters, 420; *Great Falls Mfg. Co. v. Attorney General*, 124 U. S., 581; *Pumpelly v. Green Bay Co.*, 13 Wallace, 166. When the Government has granted patents both before and after the year 1910 it has always been subject to this unexpressed but undoubted right of eminent domain by which it may take for its own use the patent which it has granted.

(b) In the lower tribunals our opponents have urged that the Act is to be construed in the light of some scattered remarks in the report of the House Committee that recommended its passage. These particular remarks were to the effect that the purpose of the Act as proposed was to give the Court of Claims "jurisdiction in cases of tort." In the first place, we submit that the views of the Committee are not admissible as bearing on the matter. A long line of cases establish the rule that constructions placed on a law in the debate preceding its enactment are not to be relied on in construing the law thereafter. In *Bate v. Sulzberger*, 157 U. S. 1, 41, this Court said:

"Now it is true that \* \* \* Mr. Jenckes said, when reporting that bill \* \* \* [that it had a certain effect]. \* \* \*

"These considerations, it is supposed, should have controlling weight in our interpretation of the Act as it finally passed. We cannot assent to this view."

Second, the same House Committee report contains statements to the contrary effect, as:

"It may be conceded that the Government ought to have the right to appropriate any invention necessary or convenient for natural defense or for beneficent public use, and that, too, without previous arrangement or negotiation with the owner."

"We intend only to provide under the terms of this bill that after its passage the United States should not make or acquire any new article which infringed a patented invention without giving compensation to the owner of the patent for the use of such new article."

Third, this report refers to the bill before it took its final form; it was afterward amended.

Finally, those remarks were evidently not directed to the *nature* of the jurisdiction to be conferred, but to its *scope* compared with prior jurisdiction of the Court of Claims. It is evident, from the context of those quotations relied on by our opponents, that the effort was to point out a class of cases theretofore not within the jurisdiction of the Court of Claims, but thereafter to be within its jurisdiction, and the thought was not directed to the quality of the causes of action embraced.

(c). Another of the arguments advanced in behalf of our opponents in the lower tribunals was

that in the present case there has been no actual appropriation by the Government to constitute the exercise of eminent domain thus to lay the foundation for a suit in the Court of Claims. Our opponents seem to be of the opinion that there should have been an Act of Congress naming patent No. 566,969 and directing the Secretary of the Navy to use the invention thereof in the turbines for the Government destroyers, or that there should have been some such explicit "taking."

On the contrary, we respectfully submit that the exercise of the right of eminent domain does not necessarily require any such explicit and affirmative preliminary announcement. When the Government bound itself and bound the Cramp Company by the execution and delivery of contracts Nos. 47 to 50, the appropriation was made. Those contracts referred to certain plans, specifications and drawings for the turbines, and our opponents assert (Record, p. 25) that the use of these would be an encroachment on the exclusive right of the owner of patent No. 566,969.

It is not necessary to an appropriation under the right of eminent domain that it should be primarily and explicitly directed to the object taken. There is a well established line of cases (*U. S. v. Lynah*, 188 U. S., 445, and cases cited therein) which shows that when a dam is ordered to be built by competent authority, then if it backs the water over private land, that land is "taken" under the right of eminent domain, and the party from whom it is taken has a well founded claim for compensation under the constitutional guaranty that private property shall not be taken for public use without due compen-

sation. It is not necessary that the land to be flooded shall first be surveyed and then a Legislative enactment directed to the taking of that land. It is enough if the flooding of the land follows as a consequence on the building of an authorized dam. See also *U. S. v. Gettysburg Elec. Ry.*, 160 U. S., 668. So in the case at bar, it was not necessary that the contracts by the Navy Department should recite the patent rights that were to be taken. The taking of those patent rights must follow as a consequence from the specifications and drawings attached to the contract, just as the taking of the flooded land follows as a consequence from the specification of the dam.

(d) The fundamental feature of our opponent's position is that the Act of 1910 did not change the status of the Government when it uses a patented invention without let from the owner, that before and after the Act the Government is a wrong doer. If this is the true view, then this Court was in error when it cited the law of 1910 as a protection for Crozier. It is a question not decided by this court whether Crozier would have been liable previous to the Act of 1910, but if the Act of 1910 gave the Government no *right*, then it created no protection for Crozier, it merely provided a forum and a procedure by which damages which formerly were due but uncollectible could be collected—that was all. And if the Act was no protection to Crozier, and no protection to a contractor following Government specifications, then it follows that the Fried. Krupp Aktiengesellschaft, or any other patent owner, may en-

join contractors from using their patents in following those specifications—an unthinkable result in these times.

If our opponents are right in their view that the Act of 1910 gave the Government no right, but merely gave the patentee a remedy for the Government's wrong, then they must admit the consequence that a recovery in the Court of Claims could be only for past Governmental use of the invention. A final decree against the United States would be an adjudication that the Government was a wrong doer in making use of the patented invention, and it would be the duty (at least the moral duty) of the executive branch to cease such wrong doing. A high minded executive official would no doubt be strongly moved so to order. The court could not assume that having found the Government to be a wrong doer, and awarded compensation accordingly, it could go on and award additional compensation for a continuation of the wrong in the future. Hence (according to the major premise of our opponents), if the Government continued its use of a patented invention after a decree against it in the Court of Claims, it would be subject to repeated suits for compensation until the expiration of the seventeen year term of the patent. We submit that this must be the conclusion reached if the Government gets no license under the Act of 1910; the absurdity of the conclusion is a strong argument for the absurdity of the premise from which it is drawn.

We respectfully submit that the circumstances leading up to the passage of the Act, the purposes to be accomplished by it, its language, and its simple and fair operation, make it clear

that this Court was fully advised when in *Crozier v. Krupp* it said (p. 306):

“We think there is no room for doubt that the statute makes full and adequate provision for the exercise of the power of eminent domain for which, considered in its final analysis, it was the purpose of the statute to provide.”

#### **Circumstances in the Case at Bar.**

The defendant, according to its contracts with the Government, is required to build certain engines according to plans, drawings and specifications. These plans, drawings and specifications are delivered under strict injunction to the defendant to keep the same secret. It is desirable for the Government to maintain secrecy regarding these plans, because they relate to the propelling engines of torpedo boat destroyers. One of the most important characteristics of vessels of this type is the speed. This speed depends not only upon features which may be classed as strictly inventive features, but also upon engineering information, such as the number of steam pressure stages, the steam pressures and steam velocities preserved in each of these stages, the shape of the nozzles, blades, etc., all of which are intimately bound up in the structural features. From the beginning of the litigation, the defendant has, to the utmost of its ability, endeavored to comply with the instructions of the Navy Department to preserve secrecy in regard to these designs, even going so far as to permit its President to be cited for contempt of court for refusing to deliver up these drawings (*In re Grove*, 180 F. R., p. 62). De-

fendant has not up to this time disclosed these drawings. Its refusal to disclose these plans, drawings and specifications contributed to, if it did not result in, a finding by the Circuit Court of Appeals that it had infringed the patent in suit (*International Curtis Marine Turbine Co. et al, v. William Cramp & Sons Ship & Engine Building Co.*, 211 F. R., 124, p. 148). It is impracticable for the Government to say in advance to the defendant in a suit of this character whether or not the designs may be disclosed without determining what part of such designs may be disclosed, and it is not practicable for the Government to follow the litigation step by step and decide whether information called for from time to time may be disclosed without prejudice. Moreover, in fulfilling its contract with the Government, the defendant is greatly harassed in being obliged to go to the court and from time to time explain why the plans, specifications and drawings should not be disclosed. If the construction of the statute contended for by the plaintiffs in this case is adopted, it may readily be seen that future defendants will not feel inclined to run the risk of the penalties and liabilities which the defendant in this case has run rather than violate the instructions of the Navy Department.

On the other hand, if the Act is construed as it was in *Crozier v. Krupp*, the patentee is compensated for any use made of his invention, the Government will answer directly, and neither the Government nor the contractor will be harassed by indirection.

Plaintiffs have argued elsewhere that the contracts in this case indicate that the design com-

plained of and specified in the plans, specifications and drawings originated with the defendant. We submit that such conclusion is not warranted by the preamble of the contract, but even if it were, such circumstance would be wholly immaterial. No matter how or when the Government came to the point where it decided to make the appropriation, it did so when it entered into the contracts with this defendant because it thereby required the defendant to build a certain definite thing. That the Government understand that it was making such appropriation is evidenced by the Eighth clause of the contract (Tr. 35), which requires the defendant to save the United States harmless from all demands

“for or on account of the use of any patented invention, article or appliance that has been or may be adopted or used in or about the construction of said vessel, or any part thereof.”

If the Act of 1910 was merely an act to permit a tort action against the Government for the Government's use of the boats after the Government got them, such a clause would have been useless and meaningless. Its inclusion in the contract can only indicate that the Government wanted to be held harmless for any compensation that it might have to pay for the use by the contractor of an invention “in or about the construction of said vessel.”



**Conclusion.**

It is respectfully submitted that when the Government executed the contracts in question, it exercised the right of eminent domain in regard to any patent which might necessarily be used by the defendant in carrying out the contract by building machines in accordance with the plans, specifications and drawings made part thereof. By reason of such appropriation the Government's use of any such patent was a rightful use, and the defendant's status in building such machines was not the status of a wrong doer, but of a manufacturer for the Government protected by the Government's right. In such circumstances, the remedy of the patentee is not by infringement suit against the defendant, carrying with it a right of accounting for profits and damages, but is by suit in the Court of Claims against the Government for reasonable compensation.

Respectfully submitted

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CLIFTON V. EDWARDS,

Counsel for William Cramp &  
Sons Ship & Engine Building  
Company, Petitioner.

7  
Office Supreme Court, U. S.  
JAN 25 1918

JAMES D. MAHER,  
CLERK.

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# Supreme Court of the United States.

OCTOBER TERM, 1917.

No. 393.

WILLIAM CRAMP & SONS SHIP AND ENGINE  
BUILDING COMPANY,

*Petitioner,*

*vs.*

INTERNATIONAL CURTIS MARINE TURBINE COMPANY  
and CURTIS MARINE TURBINE COMPANY OF THE  
UNITED STATES,

*Respondents.*

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## BRIEF ON BEHALF OF RESPONDENTS.

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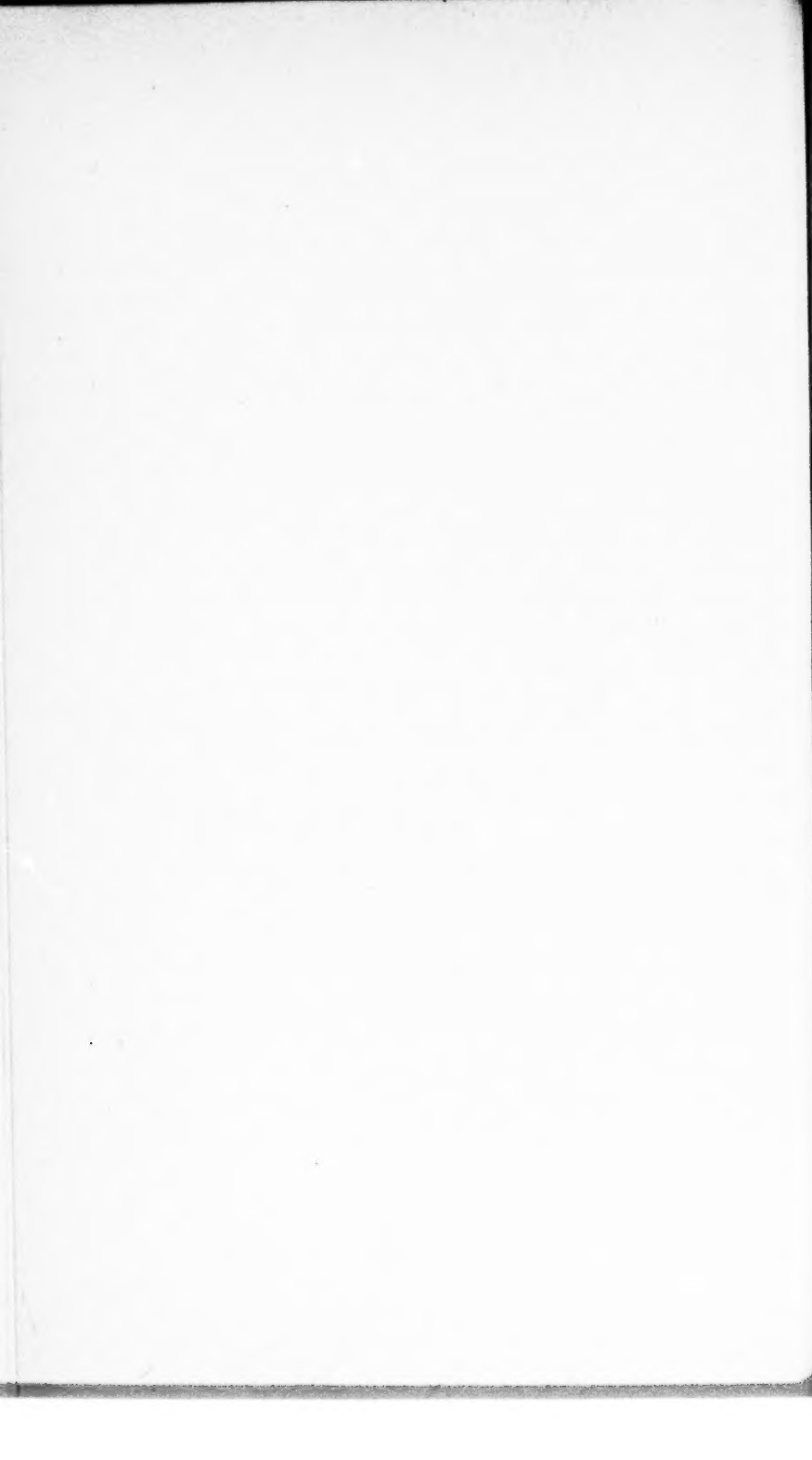
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JANUARY, 1918.

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STATES,  
*Respondents.*

**BRIEF ON BEHALF OF RESPONDENTS.**

This suit involves the construction of the Act of Congress approved June 25, 1910, Chap. 423, 36 Stat., 851, quoted at page 2, *infra*.

The ultimate question presented for determination may be stated as follows :

Is a private contractor who, after the passage of the Act, makes for and sells to the United States Government apparatus embodying the invention of a patent held by others, free from liability to account to the patent owner for profits which the contractor has received in the transaction ?

No matters relating to an injunction are involved in this case.

The question is presented upon the following state of facts :

Prior to the passage of the Act above referred to, the Ship Building Company, the present Petitioner, contracted to fur-

nish to the Government, certain torpedo boat destroyers Nos. 30 and 31 embodying engines which, as found by the Circuit Court of Appeals for the Third Circuit in the present suit (211 Fed. Rep., 124), infringed a patent owned by the Turbine Companies, the present respondents. Upon the mandate of that Court a decree was entered ordering an accounting of damages and profits (Rec., p. 2).

In the proceedings on the accounting it appeared that the Ship Building Company had contracted to furnish to the Government not only the destroyers Nos. 30 and 31, upon which the charge of infringement was specifically based, but also certain destroyers Nos. 47, 48, 49 and 50; and the Turbine Companies called upon the Ship Building Company to account with reference to the engines in these destroyers also. Of course, an accounting is to cover not only the specific instances of infringements proved in the case as a basis for the equitable relief asked for, but also all other infringements, including those committed subsequent to the filing of the bill of complaint. See *Rubber Co. vs. Goodyear*, 9 Wall., 800-801.

The contracts for these four destroyers, Nos. 47, 48, 49 and 50, were entered into subsequent to the Act of June 25, 1910, which is as follows:

"An Act to Provide Additional Protection for Owners of Patents of the United States and for Other Purposes.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled, that whenever an invention described in and covered by a patent of the United States shall hereafter be *used by the United States without license* of the owner thereof *or lawful right to use the same* such owner may recover reasonable compensation for such use by suit in the Court of Claims; provided, however, that said Court of Claims shall not entertain a suit or reward (*sic*) compensation under the provisions of this Act where the claim for compensation is based

on the use by the United States of any article heretofore owned, leased, used by or in the possession of the United States ; provided further, that in any such suit the United States may avail itself of any and all defenses general and special which might be pleaded by a defendant in an action for infringement as set forth in Title 60 of the Revised Statutes or otherwise ; and provided further that the benefits of this Act shall not enure to any patentee who, when he makes such claim, is in the employment or service of the Government of the United States, or the assignee of such patentee, nor shall this act apply to any devices discovered or invented by such employee during the time of his employment or service " (*Italics ours*).

When, in the accounting, proof was offered as to the infringing engines in the four destroyers contracted for subsequent to the date of this Act, the Shipbuilding Company made the following objection (Rec., p. 4) :

" Defendant's counsel at this point objects to any inquiry into any transaction under the contracts for torpedo boat destroyers Nos. 47, 48, 49 and 50, on the ground that the contracts relating thereto were entered into in 1911 ; and all acts thereunder were subsequent thereto. On June 25, 1910, the United States, by act of eminent domain, *acquired a license* to use the inventions of all existing patents, and, therefore, the transactions under the contracts for torpedo boat destroyers Nos. 47, 48, 49 and 50, being merely the building of devices for a licensee under the patent in suit, were licensed transactions, and consequently are not within the scope of this accounting."

This objection, in which it is stated that the United States "acquired a license," is directly opposed to the Act itself, which relates only to situations in which the use is "without license" and without "lawful right."

The form of contract under which these destroyers were to be constructed appears at page 31 of the Record. It pro-



vides that each destroyer, when substantially complete, shall be subjected to certain trials (Rec., p. 38) as a result of which there may be a preliminary acceptance or a rejection (Rec., p. 42). If there has been a preliminary acceptance, there is to be a final trial (Rec., p. 43). Upon rejection of the destroyer, all moneys paid to the contractor are to be returned to the Government, and, in case of forfeiture of the contract, the Government may take over the destroyer or so much of it as may have been completed (Rec., pp. 44-47). The only provision relating to patents is the following (Rec., p. 35) :

“ EIGHTH. The party of the first part, in consideration of the premises, hereby covenants and agrees to hold and save the United States harmless from and against all and every demand or demands of any nature or kind for or on account of the adoption of any plan, model, design or suggestion, or for or on account of the use of any patented invention, article, or appliance that has been or may be adopted or used in or about the construction of said vessel, or any part thereof, under this contract, and to protect and discharge the Government from all liability on account thereof, or on account of the use thereof, by proper release from patentees, and by bond if required, or otherwise, and to the satisfaction of the Secretary of the Navy.”

The Ship Building Company having made the objection quoted on the preceding page, the Master overruled the objection (Rec., p. 6), and on re-argument adhered to his position, saying (Rec., pp. 8-9) :

“ The contention of defendant was that the Government, having exercised its right of eminent domain, by determining to build vessels containing the patented turbine engines, and awarding a contract therefor, with specifications in detail, became, in fact, a licensee of the right to make, use and sell, and liable, because of such act, to respond to the plaintiff patentee in the Court of Claims, under the enabling Statute of June 25, 1910, it was immaterial that it did not make the engines in its

own navy yards (as in *Crozier vs. Krupp*), but contracted with defendant, the Cramp Ship & Engine Co., to build them. The latter was an independent contractor and presumably derived a profit on its manufacture, under the contract, of the turbine engines constituting a part of the vessel contracted for. The patent grant is of the exclusive right to make, to use and to sell. These are several substantive and segregable rights. 229 U. S., 1. A defendant who infringed only the exclusive right of use, cannot logically nor legally be held to account for the profit which has accrued to the defendant who has infringed only the exclusive right to make the article which the former has bought from him. This would doubtless be the Answer of the Government if the present plaintiff sued in the Court of Claims and sought to include the profits of manufacture in the assessment of damages; supplemented by a statement of incontrovertible facts (1) that it did not infringe the exclusive right to make the infringing engines, (2) that it had paid to the infringing manufacturer the whole price demanded by the latter for the infringing article including presumably a profit thereon over cost of manufacture. The theory on which accounting in equity for patent infringement is based is that the infringer is a trustee of such profit as he thus unlawfully acquired; and if, in this case any part of the moneys paid to the defendant, under the contracts for the building of the vessels in question, included a profit to defendant on the turbine engines it built for and installed in such vessels, it is properly liable to account therefor under the decree in this case. Since this matter was originally argued before the Master, the decision of the District Court for this district, in *Firth Steel Co. vs. Bethlehem Steel Co.*, 216 Fed., 755 (762), has been announced and published, and it is thought that it governs the question under consideration here. As remarked by Judge DICKINSON in the case last cited, the defendant there as here was an independent contractor who constructed the alleged infringing device for profit and at his own risk. There, as here, the action was against the contractor, not

against the Government. In respect of the liability of the contracting manufacturer it was not of the slightest materiality that the purchaser and user of the alleged infringing article was the Government and not a private individual, the sole difference being that the latter as an independent tortfeasor in violating the patentee's exclusive right of use, would be liable to injunction as well as damages, while the former, being invested by the Act of June 25th, 1910, with a license, compulsory as against the patentee, would be liable to answer to the latter in the Court of Claims for the value of such compulsory license; in ascertaining which, the extent and character of the right taken, by way of eminent domain, would govern the measure to be applied in assessing its value, and by no possibility could such measure include the profit due to the manufacturer of the article. Nothing short of considering the Government as the principal and the contracting builder as merely its agent, for the purpose, would justify the defendant's contention, and this would be impossible in view of the Contract in evidence."

Upon the request of the Ship Building Company, the Master, after having decided that the contracts for the four destroyers should be produced, certified the matter to the Court (Rec., p. 3). The District Court reversed the ruling of the Master (Rec., p. 10), but, the Court evidently having been under a misapprehension as to the situation in making certain suggestions in its opinion, a petition for rehearing was filed (Rec., pp. 11-13). On the rehearing, the District Court rendered another opinion adhering to its former conclusion, sustaining the defendant's objection (Rec., p. 19, and 232 Fed. Rep., 166), and referring to the decision in the Second Circuit in the case of *Marconi Wireless Telegraph Company vs. Simon* (227 Fed. Rep., 906 and 231 Fed. Rep., 1021, Judge WARD dissenting), which suit is now pending in this Court.

The Turbine Companies then filed in the Circuit Court of Appeals for the Third Circuit a petition for a writ of *certiorari*

or a writ of mandamus (Rec., p. 23) and that Court rendered the following opinion (Rec., pp. 27, 28) :

"This application for a mandamus or other appropriate process in effect asks us to reverse the ruling of the court below, which is reported in *International Curtis Marine Turbine Co. vs. Cramp & Sons*, 232 Fed. Rep., 166, and to direct the master to proceed on an accounting for contracts Nos. 47, 48, 49 and 50, made by the defendant with the United States Government. The question passed upon by the court below in that decision is as we view it, involved in a case in the Second Circuit, *Marconi Co. vs. Simon*, 231 Fed. Rep., 1021. This latter case is now under review by the Supreme Court of the United States on *certiorari* at No. 485 of October Term, 1916. As a decision therein will settle the case pending before us it seems proper for this court to await the action of the Supreme Court. In view, however, of the fact that the press of business of that court may prevent an early hearing and decision of the case pending before it we will, without passing on the merits of the case now pending before us, for the interim, direct the court below to enter an order directing the master to proceed to an accounting upon contracts Nos. 47, 48, 49 and 50, keeping the proofs and proceedings thereunder separate from those under contracts Nos. 30 and 31. By following this course the delay and loss of time which would result in the case in this Circuit if the view of the Second Circuit is sustained, will be avoided and in case the view held by the court below is sustained the present order will only have involved costs for which the plaintiff will of course be liable.

"The case will, therefore, be retained in this court for the time being to await the decision of the Supreme Court, but pending such time the court below will enter an order directing the master to proceed in the accounting upon contracts Nos. 47, 48, 49 and 50, as above indicated."

The petition for a writ of *certiorari* to this Court was then filed by the Ship Building Company and was granted.

The patent in suit expired in 1913, so no question arises

as to an injunction which might be urged to have the effect of interfering with, or in any way hampering, Governmental activities or requirements.

It is to be assumed, for the purposes of the present discussion, that the patent in suit was valid (as has been finally decided) and was infringed by the Ship Building Company in making the engines for the four destroyers in question, and that that Company has made a profit from its appropriation of the 'Turbine Companies' patent property. The only question is as to whether it is entitled to retain that profit for its own use, or whether it should pay it over to the Turbine Companies.

This case involves no attempt to obtain any monies from the Government. If the Ship Building Company pays its profits to the Turbine Companies, it has no right of action against the Government to recover the amounts so paid. The Ship Building Company, by its contract, assumed all liability for infringement of patents (Rec., p. 35).

Of course, there can be no question but that the Courts had jurisdiction in equity in this case. The plaintiff owned a patent which the defendant, a private corporation, was infringing, so a right to ask for an injunction existed. The granting or withholding of an injunction is always within the discretion of the Court, but, so long as the right exists, even though the Court decides not to exercise the right, the plaintiff may sue in equity. Under similar circumstances, this Court retained jurisdiction in *Atlantic Works vs. Brady*, 107 U. S., 192. The matter of jurisdiction is not (even if it could be) affected by the Act of 1910, for the present suit was brought long before the Act was passed.

We shall not, in this brief, enter upon a detailed discussion of the authorities showing the situation existing prior to the passage of the Act of 1910; that, as we understand, is exhaustively dealt with in the briefs in *Marconi vs. Simon*, which is set for argument immediately preceding the present case. We shall here merely outline that situation, and apply the law to the particular facts here presented.

## **The Act of 1910 and its Relation to the Present Case.**

The Act, which is quoted at page 2, *supra*, is entitled an Act "to provide additional protection for owners of patents."

What was the extent of protection afforded to owners of patents *prior* to this Act—the protection which was to be increased or broadened by the *additional* protection provided by the Act?

Any and every private person and corporation infringing a patent was liable to suit and, as a result of such suit, might be enjoined and compelled to account to the patent owner for profits and damages resulting from the infringing acts. It was immaterial, in this regard, for what purpose the infringing articles were being made, whether for the ultimate uses of the infringer or whether the infringer was manufacturing the article for sale to the Government. Even officers of the Government were liable to such suits and were liable to account for any personal profits made in the infringing transaction (See *Atlantic Works vs. Brady*, 107 U. S., 192; *Belknap vs. Schild*, 161 U. S., 10, and cases there cited).

So patent owners were already fully protected as against the infringing acts of individuals and private corporations. The Act of 1910 was not to deprive patent owners of all or any part of that measure of protection—any infringer who might formerly have been sued may still be sued—but some additional and further protection was to be afforded, as the Act specifically provides.

It has long been settled that the Sovereign—the Government—may not be sued without its consent. Prior to the passage of the Act of 1910, there was only one class of cases in which the Government had consented to be sued, namely, cases on contracts, expressed or implied, in which instances suit could be brought in the Court of Claims under the Act

of March 3, 1887, Chapter 359, which provided that the Court of Claims shall have jurisdiction to hear and determine

“all claims \* \* \* upon any contract, expressed or implied, with the Government of the United States, or for damages, liquidated or unliquidated, *in cases not sounding in tort*, in respect of which claims the party would be entitled to redress against the United States either in a court of law, equity, or admiralty if the United States were suable.”

But the Government had not consented and was therefore not liable to suit in any cases sounding in tort. If the Government infringed a patent, the owner of the patent was without protection, for he had no means of enforcing his exclusive rights as against the Government.

It was to remedy this situation, and to give to patent owners compensation, as some measure of protection, in instances of infringement by the Government, that the Act of 1910 was passed. That this was the purpose of the Act is disclosed in the Report of the Committee on Patents of the House (Report No. 1288, 61st Congress, 3rd Session) :

“The purpose of this bill is to enlarge the jurisdiction of the Court of Claims, so that such Court may entertain suits against the United States for *infringement*, or *unauthorized use* of a patented invention.

\* \* \* \* \*

“Our only purpose is to extend the jurisdiction of that Court so that it may entertain suits and award compensation to the owners of patents in cases where the use of the invention by the United States is *unauthorized and unlawful* ; in short, *to give the Court in patent cases*, in addition to the jurisdiction it now has in matters of contract, *jurisdiction in cases of tort*.”

Thus the Act of 1910 confers on the Court of Claims jurisdiction in instances in which the Government invades the rights of an individual by unauthorized and unlawful acts. It relates solely to obtaining, *from the Government*, compensa-

tion for unlawful acts—infringing acts. It does not even purport to deal with unlawful acts of others than the Government ; the status of such others is left precisely as it was before. But now *the Government* may be called upon to account for *its* unlawful acts, and thus the owners of patents are afforded additional protection.

The Act, in terms, provides only for the situation arising when a patent “shall hereafter be used by the *United States*” and only when it is so used “*without license* of the owner thereof *or lawful right* to use the same. The Government *acquires* nothing by the Act ; *its* rights are not enlarged. Prior to the passage of the Act it could use the inventions of any and all patents, and could freely do so—not because it had a right, but because the patent owner had no remedy. The Government previously had nothing which it could convey to others, such as a license ; those contracting to make articles for it were always liable to suit. It has by the Act of 1910 acquired nothing—it has merely consented to a liability.

That is, if it shall be proved in the Court of Claims that the patent owner's patent is valid and that the Government has infringed—which means that the Government has been a wrongdoer—it shall pay to the patent owner “reasonable compensation.” It, by this Act, incurs a liability to the patent owner which it never before acknowledged, and to this extent the Act provides additional protection to patentees.

Whatever the Government may do, in the utilization of a patent owner's property, will not be done by virtue of this Act, for it at all times could have used and often did use patented inventions. But *now*, when it does that same thing, acting without license or lawful right, it must compensate the patent owner. It always committed a wrong when it became an infringer ; it still does so. Patentees have, by the Act, acquired a *remedy* for that wrong. The wrong is still a wrong and has not been converted into a right.



To say, as has been said by the defendant in this case (see page 3, *supra*), that the Government, by virtue of this Act, "acquired a license", is to read the Act as one conferring rights which had not previously existed. No one would intimate that, prior to the Act, the Government had any license (except when licenses were granted expressly or by implication in individual transactions) and yet there was absolutely nothing to prevent the Government from using any patent property it chose. It was free from liability to suit and that, as between *individuals* is what a license amounts to—an individual who is not liable to suit on a patent is a licensee, the freedom from suit arising from some relation between the parties with reference to the subject matter of the patent. The Government's situation was, however, different from that of an individual; it was free from suit not because it had acquired any rights under the patent, but because the Sovereign could not be sued without its consent, and no consent to suit in such cases of infringement existed prior to the Act. By that Act, the Government has consented to be sued for its infringement acts—its acts committed without license or lawful right. It, obviously, is far removed from the position of a licensee for, if it were a licensee, its utilization of the invention would not be "without lawful right;" it would in fact be a licensee and compensation could be recovered from it by a suit to be brought under the license in the Court of Claims under the older Acts, not the one of 1910. And, if a licensee, it could not deny the patent owner's title, nor the validity of his patent.

See

*Harvey Steel Co. vs. United States*, 116 U. S., 310, 315.

*Holmes vs. McGill*, 108 Fed. Rep., 238, 244.

*Kinsman vs. Parkhurst*, 18 How., 289.

But, by the terms of the Act of 1910 the Government may, in a suit under that Act, "avail itself of any and all defenses general and special" which might be pleaded by a private

individual who is an infringer. This is absolutely inconsistent with the position of a licensee.

Clearly, from the foregoing, the provisions of the Act apply only to instances in which the Government is a wrong-doer—operating “without license \* \* \* or lawful right.” It acquires by the Act no rights whatever, but only a liability; it ceases to escape liability by no longer insisting upon its former immunity from suit for wrongs committed by it.

For similar reasons, the defendant in the present case is wrong in insisting, as it does in its objection quoted at page 3, *supra*, that the Act of 1910 is an Act of “*eminent domain*.” The acquisition of title to property by *eminent domain* involves and presupposes the existence of title in the person from whom the property is taken and an obligation to make compensation. The Act of 1910 cannot possibly be an Act of *eminent domain*, for the reason that it does not recognize any right and title in the person claiming compensation nor any obligation to pay; on the contrary it specifically provides that the Government may deny that the claimant owns the patent and may deny the validity of the patent and deny that any compensation whatever is due.

It all comes back to the fundamental proposition that the Government acquired, by the Act, no rights whatever, but only consented to the enforcement, as against it, of a liability; it agrees to make compensation for wrongs committed, wrongs which it previously could commit without making any compensation.

If the Government acquired any *rights* to make use of patented inventions (as it does not by the Act of 1910) it would to that extent be limiting the right which it purports to grant in the issuance of patents—namely, the right to exclude all others, including the Government, from the use of the invention. That would introduce a substantial change in the patent law, and not merely the introduction of a remedy for an invasion of that

right, which is all that is in fact introduced by the Act of 1910. Any such change in the substantive law would have been enacted as such, as was done in the case of the only limitation of which we are aware on the exclusive character of the grant in connection with the issuance of patents, namely, in the Act of March, 1883 (22 Stat., 625 ; Supp. Rev. Stat., p. 420), as follows :

“The Secretary of the Interior and the Commissioner of Patents are authorized to grant any officer of the Government, except officers and employees of the Patent Office, a patent for any invention of the classes mentioned in Section forty-eight hundred and eighty-six of the Revised Statutes when such invention is used or to be used in the public service, without the payment of any fee ; Provided, That the applicant in his application shall state that the invention described therein, if patented, *may be used by the Government, or any of its officers or employees in the prosecution of work for the Government, or by any other person in the United States, without the payment to him of any royalty thereon, which stipulation shall be included in the patent.*”

This exception, allowing the United States Government to use certain inventions, was something which by law is to be written on the face of every patent, and is thus to be expressed as a part of the grant that is made. If it were ever intended by Congress that the United States should, as a part of the substantive law, have the right to use not only the inventions of officers in its employ, but also the inventions of any other persons who may obtain patents, that intent would have been expressed by a further amendment of Section 4886, thus diminishing the exclusive right of the patent owner to the extent of the right reserved to the Government for its own use.

Contrast any such Statute with the Act of 1910. The latter obviously confers no rights on the Government and lessens none of the patent owner's rights. The patent owner

always had the right to exclude the Government and all others from the use of his invention.

*Belknap vs. Schild*, 161 U. S., 10, it is said that—

“ this Court has repeatedly and uniformly declared that the United States have no more right than any private person to use a patented invention without license of the patentee, or making compensation to him ” (citing many cases).

But the patent owner had no protection against the Government's invasion of that right; he had a right but no remedy. He still cannot prevent the Government from invading his rights (the situation in that respect is not changed at all) but the Government now makes compensation for the wrong committed.

The defendant in the present case is not the Government nor is it acting in any public capacity. It is a private corporation, carrying on business for its own account and profit.

There can be no question but that the defendant must account to the plaintiffs with reference to infringements committed prior to the Act of 1910; in fact the defendant is accounting for the infringing engines which it made and installed on destroyers sold to the Government prior to the passage of the Act—no issue here arises as to those engines. If it is not to account for its profits made on similar infringing engines sold to the Government since the Act of 1910, it can be only because, by virtue of that Act, the Government acquired under the plaintiff's patent some rights which it can and did pass on to the defendant.

But it is clear that the Government acquired no rights whatever, but only recognized a liability, through the Act of 1910. The plaintiffs may now sue the Government in the Court of Claims and recover from it “ reasonable compensation ” for the unlawful use “ by the United States ”, as provided by the Act. But is the defendant to be permitted to retain the profits which it made from manufacturing and sell-

ing the infringing engines? Those *manufacturing and selling* profits belong to the plaintiffs, as well as compensation for *the use*. A patent confers on a patentee the exclusive right "to make, use and vend the invention"; these are separate and distinct rights, so recognized by the Courts for more than a hundred years. See

*Bauer vs. O'Donnell*, 220 U. S., 1, 10.

*Hosekden vs. Ogden*, 3 Fisher, 378.

It may well be that the principal advantages to be derived from the plaintiffs' patented invention are to be found in the manufacture rather than in the use of the engines. If the Government itself had manufactured the engines as well as used them, complete compensation might be obtained by a suit in the Court of Claims under the Act. But that is not the situation here; the engines were made by the defendant, a private manufacturer, which has been paid the profit it made by reason of its infringement of the plaintiff's patent. *That* profit cannot be recovered from the Government in a suit in the Court of Claims—and certainly the defendant is not entitled to retain it.

If the Government, by the Act of 1910, acquired no rights (as it did not) it obviously could convey no rights to the defendant. Its use of the plaintiffs' patent property is "without license—or lawful right", and so are the acts of the defendant.

It is clear from a consideration of the contract under which the defendant was to make the destroyers in question, that the Government recognized that it was acquiring no rights under patents, and conferring no rights on the defendant. So far as the record shows, *the Ship Building Company was at liberty to propose non-infringing engines*.

The Government realized, however, that possibly the defendant's engines might infringe some patents, for it provided in the contract as follows (Rec., p. 35):

"The party of the first part [the Ship Building Com-

pany] in consideration of the premises, hereby covenants and agrees to hold and save the United States harmless from and against all and every demand or demands of any nature or kind for or on account of the adoption of any plan, model, design or suggestion, or for or on account of the use of any patented invention, article or appliance that has been or may be adopted or used in or about the construction of said vessel or any part thereof, under this contract, and to protect and discharge the Government from all liability on account thereof, or on account of the use thereof, by proper releases from patentees and by bond if required, or otherwise, and to the satisfaction of the Secretary of the Navy."

This is entirely inconsistent with the idea of appropriating any *rights* under patents. And it is interesting to note that the foregoing clause is precisely, word for word, the same as Paragraph Seventh of the contracts under which destroyers Nos. 30 and 31 were constructed, those being the contracts upon which evidence of infringement was based in this case.\* They were entered into long *prior* to the passage of the Act of 1910, and the retention of this old form of guarantee clause in the contract is clear evidence that the parties to the contract did not consider that any rights were conferred on the Government by the Act of 1910, but that, on the contrary, the use of patented inventions was still the wrongful act which it always had been.

### **The Decision of this Court in *Crozier vs. Krupp*, 224 U. S., 290.**

It is clear from this decision that we are correct in stating, as we have in the foregoing pages, that the Act of 1910 did not in any way diminish the rights and remedies of patent

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\* The contract referred to appears at page 779 of Vol. II of the Record in this Court in Case No. 1622, October Term 1912, *Wm. Cramp & Sons vs. Curtis Turbine Company*, 228 U. S., 645.

owners as against private individuals and corporations making a personal profit from infringing transactions, but dealt entirely with affording to patentees additional protection as against acts of the Government committed without lawful right.

The suit was brought by Krupp to enjoin Crozier, an ordinance officer of the Government, from making guns covered by certain patents, and hence was a suit against an officer of the Government and not against a private manufacturer. A stipulation was entered into to the effect that the Government was making the guns referred to in the bill of complaint, and that the defendant, in his official capacity only, was in charge of and directing such manufacture, and had gained no pecuniary advantage from his acts ; and there was a *specific waiver of any claim for profits and damages*. When the case came to this Court, *the only relief asked was a permanent injunction against an officer of the Government restraining him from making the infringing guns at the Government's arsenal*. (See 224 U. S., at page 308.)

Crozier was not a private individual making a personal profit ; he was merely engaged in carrying on Government work in the regular course of his public duties.

This Court, referring to the Act of 1910, said (p. 303) :

“ The text of this statute leaves no room to doubt that it was adopted in contemplation of the contingency of an infringement suit by the assertion of a patentee that *rights secured to him have been invaded* for the benefit of the United States by one of its officers, that is, that such officer, under the condition stated, had infringed a patent.

“ The enactment of the statute we think grew out of the operation of the prior statute law concerning the right to sue the United States for the act of an officer in *infringing a patent*, as interpreted by repeated decisions of this Court.”

The Court then refers to the prior decisions, which established the rule that the United States Government or its officers could not be sued for damages and profits and could not be restrained from unlawful use of an invention where an injunction would interfere with the activities of the United States, and said :

“ Evidently inspired by the injustice of this rule as applied to rights of the character of those embraced by patents because of the frequent possibility of *their infringement by the acts of officers* under circumstances which would not justify the implication of a contract, the intention of the statute to create a remedy for this condition is illustrated by the declaration in the title that the statute was enacted ‘ to provide additional protection for owners of patents.’ ”

Continuing on the same subject, this Court said (p. 304) :

“ That is to say, it adds to the right to sue the United States in the Court of Claims already conferred when contract relations exist the right to sue even although no element of a contract is present. \* \* \* These results of the statute are obvious consequences of the power which it confers upon the patentee to seek redress in the Court of Claims *for any injury* which he asserts may have been inflicted upon him *by the unwarranted use* of his patented invention and the nature and character of the defenses which the statute prescribes may be made by the United States to such suit when brought \* \* \*.

“ This being the substantial result of the statute, it remains only to determine whether its provisions are adequate to sustain and justify giving effect to its plain and beneficial purpose to furnish additional protection to owners of patents *when their rights are infringed* by the officers of the Government in the discharge of their public duties.”

It will be noted that this Court, throughout the opinion in



the Crozier case, treats the making and use by the United States as an illegal, unlawful and infringing act.

The *decision* of this Court in the Crozier case was simply to the effect that an officer of the Government could not be enjoined under the facts and circumstances existing in that suit. The defendant, there, was an officer of the Government, so the suit was in effect against the Government itself. The Government never could be enjoined, even under the law as it existed prior to the Act of 1910, for it had never consented to any such action as against it ; nor has it so consented by the Act of 1910. That Act, however, states the only procedure and the only remedy as against the Government in cases of wrongful acts by the Government, and this Court held that Krupp must follow that procedure and be content with that prescribed remedy.

It seems clear to us that the Court did not decide that the rights and remedies of the patent owner as against private individuals making a private profit have been in any way altered by the Act, but merely that suits based on infringement by a Government officer acting solely in his public capacity and for the public benefit, can no longer be brought against that officer. The Government, by the Act of 1910, has assumed responsibility for *his wrong*. This Court said (p. 305) :

“ The adoption by the United States of *the wrongful act of an officer* is of course an adoption of the act when and as committed, and causes such act of the officer to be, in virtue of the statute, a rightful appropriation by the Government, for which compensation is provided.’

That is, the wrongful act of the officer is committed by the authority of the Government, and it ceases to be wrongful so far as the officer is concerned ; the Government assumes responsibility and, by virtue of the Act of 1910, recognizes its liability.

We do not understand that this Court held that the Government's wrong became a right by the Act of 1910, though "in substance," as the Court says immediately following the last quotation we have made from the opinion, it is in the position which, as between individuals, would be the equivalent of that of a licensee in that its appropriation of a patented invention cannot be stopped. It is in this sense and this sense only that we understand the Court's reference to eminent domain and to the "appropriation of a license." Those expressions are used only when considering the situation "in substance"—"looking at the substance of things"—"the substantial result of the statute." They are illustrative of the situation rather than descriptive of the legal situation. The Government had and has a right to make use of patented inventions and of any other private property in the sense that it has *the power* to do so, and cannot be prevented from exercising that power, as it has never consented to any limitation thereon.

This Court now, however, has before it a very different case. *Here* the defendant, a private corporation, has made a personal profit from its infringement of the plaintiff's patent rights. The plaintiff now seeks to recover from *it*—not from the Government—that personal profit unlawfully obtained. No such situation was presented in *Crozier vs. Krupp*.

### **Other Reported Decisions Involving the Act of June 25, 1910.**

This Act has been construed not only by this Court in *Crozier vs. Krupp*, discussed *supra*, but also in the case of *Marconi vs. Simon* (227 Fed. Rep., 906 and 231 Fed. Rep., 1021) and in the case of *Firth Sterling Steel Co. vs. Bethlehem Steel Co.*, 216 Fed. Rep., 755.

The decision in *Marconi vs. Simon* is the only one supporting the proposition that, as was said by Judge WARD in his dissenting opinion in that case, the Act of 1910 "made

the Government a licensee of the complainant patentee and that the defendant, in making the patented apparatus for a licensee, is not an infringer."

We respectfully submit, that the minority and not the majority of the Court in *Marconi vs. Simon* had the true view of the law, and that the decision of the Court of Appeals for the Second Circuit should be reversed for the reasons outlined in this brief and more completely developed in the brief of the Marconi Company in its suit in this Court.

But this Marconi case is clearly distinguishable from the case at bar, for the decision in that case indicates that the United States Navy Department, of its own initiative, undertook to infringe the patent by preparing plans and specifications embodying the invention and inviting bids thereon which could not be complied with without infringing. In this connection Judge Hough, sitting in the District Court in New York, said (227 Fed. Rep., 906) :

" Certain officers of the United States Navy drew plans and specifications for part of a radio apparatus which it was *physically impossible to comply with without infringing* (outright or by contribution) the aforesaid patent of the plaintiff. Duly authorized governmental authority then invited bids upon said plans and specifications. All bidders, as well as the draughtsmen of said plans and specifications, *were well aware of the existence of plaintiff's patent* and there must be conclusively imputed to them an intention to infringe or at least to perform acts which would constitute infringement in a private person." \* \* \*

" Viewed without regard to the Act of 1910, certain officers of the government deliberately committed the United States to an infringement of private rights; *i. e.*, an appropriation of private property. Pursuant to this intent *they invited private citizens to assist* in the contemplated infringement, and Simon consented to aid by manufacturing a compact and well arranged infringing article."

That is, if the Government could by such a contract take and appropriate a right to have a private manufacturer make a patented device for it, it clearly did so for the benefit of Simon.

In the case at bar, however, the Government did not, so far as appears, prescribe the use of infringing engines in its call for bids—non-infringing engines might, as far as is shown by this Record, have satisfied its needs just as completely. And the contract which the Government made with the Ship Building Company on accepting its bid clearly shows that the Government did not intend to take any licenses (See p. 16, *supra*). There is no evidence, as in *Marconi vs. Simon*, that the Government officers “invited private citizens to assist in the contemplated infringement.” There is not even any evidence that the Government officers knew of the plaintiff’s patent or supposed it would be infringed by the Ship Building Company’s proposals.

But irrespective of this distinction, the decision in *Marconi vs. Simon* seems wrong in principle. As Judge WARD points out, in his dissenting opinion (231 Fed. Rep., 1021), the Act does not create

“the relation of licensor and licensee between the Government and a patentee when the Government claimed to be acting within its rights, but merely to give the patentee what the title of the Act correctly describes as additional protection, *viz.*, a remedy under a tortious taking under a claim of right. \* \* \* Nor do I think that Congress intended to take away from patentees the right of suing independent contractors with the Government. The case of officers of the Government stands on a different ground because suing them is tantamount to suing the sovereign.”

If the relation of licensor and licensee were created, then, under the familiar doctrine, the licensee could not contest the validity of the patent, yet the Act gives the Government that

right showing clearly that it did not intend to establish that relation.

Moreover, as Judge WARD points out :

"A taking of property by eminent domain is an admission that the Government is not the owner of the property and a promise to pay the owner is therefore implied. For such a taking by the Government a patentee had previous to 1910 a right to recover in the Court of Claims, U. S. Rev. Stat., Sec. 1059, and by the Tucker Act in the Circuit Court of the United States, Chap. 359, L. 1887.

"But the Act of June 25, 1910, provides for an entirely different situation, *viz.*, the Government's asserting its right to use the thing or process patented without the consent of the patentee. For this situation there had been no remedy for the patentee against the Government."

There had always been a remedy, however, against independent contractors with the Government, and there is nothing in the Act to take away this remedy. Judge HOUGH in his opinion admits this, but says (227 Fed. Rep., 906):

"If the reason for the law fails, the law ought to fail with it; this maxim seems to me to apply very forcibly here. The reason for permitting action against Government contractors was that since infringement was a *tort*, and the United States had never consented to be sued *in tort*, the patentees were without remedy. Now they have such a remedy under the statute, and cannot take what the statute gives (or imposes) and retain what they had before if it interferes with Governmental enjoyment of its license."

It is submitted this argument is altogether unsound. The reason for permitting a patentee to sue private contractors was that the patent statutes gave him the same right to sue a contractor as to sue any other infringer, and as Judge DICKINSON said in *Firth Sterling Co. vs.*

*Bethlehem Co.*, which we shall consider in a moment, Congress alone, and not the Courts, can except contractors with the United States from the operation of the patent laws. The right to recover profits and damages from infringing private contractors in no way interferes with the Government's use of the patented invention. If a contract involves Government secrets, which should not be disclosed to the public by taking evidence of infringement, the District Court is quite as competent to protect the Government, as is the Court of claims; especially since the Government, as Judge HOUGH points out, in *Marconi Co. vs. Simon*, may always intervene to become a party to the suit if it desires.

In *Firth Sterling Steel Co. vs. Bethlehem Steel Co.*, 216 F. R., 755 (District Court, E. D. of Penn.), the issue here presented was raised and adjudicated. That was a suit for infringement of a patent relating to projectiles for the manufacture of which the United States Government had contracted with the Bethlehem Steel Company. The contract was dated prior to June 25, 1910, the date of the Act of Congress. The plaintiff, to prove infringement, called a witness who testified that he had been in the employ of the Bethlehem Steel Company from June, 1909, until 1911, and that the Bethlehem Steel Company had manufactured some 2,000 projectiles of the infringing type, during that period. Hence there was in the case some evidence of infringement both prior and subsequent to the Act of June 25, 1910. In 1912 the defendant made a motion to dismiss the bill of complaint. The motion first came before Judge THOMPSON who held that he should not decide it at that time, but that it should be left until final hearing. The motion was again noticed for argument at final hearing, and formal notice thereof served upon the plaintiffs' solicitors and it was then argued extensively. The opinion of the Court must therefore be considered in the light of that motion. The motion was as follows :

" And now comes the defendant, the Bethlehem

Steel Company, by James A. Watson, its solicitor and moves the court to dismiss the bill filed in this case with proceedings had therein for the following reasons ;

“ The plaintiff's proofs relate to manufacture of projectiles by the defendant for the United States. The United States exercises the right of eminent domain as to patented inventions and especially over devices of vital importance to the military branches of the Government and its right to make such devices or to have such devices made for it, is not subject to restraint by this court. Hence the injunction asked by the complainant cannot be granted and this suit in equity cannot be sustained. The complainant has the right to sue the United States in the Court of Claims and recover in said court ‘ reasonable compensation ’ for the taking of its property, and this is its sole remedy for such alleged infringement of its rights.

“ Wherefore defendant prays that the bill and proceedings had thereon may be dismissed with costs to the complainant.”

This motion obviously raised not only the question of plaintiff's right to an injunction, but also the right to an accounting for profits and damages. In support of the motion, counsel for the defendant urged that the United States Government had taken a license to manufacture these projectiles by the exercise of its powers of eminent domain, and that the Bethlehem Steel Co. was protected in manufacturing for such licensee. This, in substance, is the argument made by the Ship Building Company in the case at bar.

The Court, summarizing the defenses (216 Fed. Rep., 769), said :

“ The defense is represented as summarized in six propositions. These we have condensed into three. They are : (1) The patent has not been infringed ; (2) The patent is invalid ; (3) *The patent can be infringed with impunity because the defendant has con-*

*tracted with the War Department to infringe it."* (The italics are ours.)

With respect to the third defense the Court said (216 Fed. Rep., 762) :

" Whether government use should be excepted from the exclusive proprietary rights given to the patentees is a policy for the consideration of Congress, not of the courts. The argument based upon the ruling in *Crozier v. Krupp*, 224 U. S., 290, 32 Sup. Ct., 488, 56 L. Ed., 771, ignores the distinction that the *right of action given by the act of 1910 against the government does not grant immunity to any private trespasser upon the rights of patentees*. The Bethlehem Steel Company and not the United States, is the defendant here, and to say that, because of the government use of these projectiles, the plaintiff is deprived of a remedy for wrongs done it is to confuse the power to issue writs of injunction with the exercise of the discretion of the courts in their issue. The distinction also between legal rights and particular forms of remedy, legal or equitable, should not be lost sight of. We cannot too clearly keep before us the thought that equitable relief is always of grace and never of right, unless given by act of Congress, as well as the thought that all legal rights are to be kept inviolate. The plaintiff can be accorded its full legal rights without in any way interfering with the work of the army or the navy. To attempt the latter would be an act of manifest folly. The decree allowed meets this view of the case."

This decree referred to in the last sentence provides as follows :

" That the plaintiff do recover of the defendant the profits, gains and advantages which the defendant has made or received or that have accrued to it by reason of its infringement of said letters patent since the date thereof and also the damages which the plaintiff has sustained by reason of said infringement to be assessed as provided by law."



The usual clause referring the cause to a Master follows.

*It is to be noted that profits are to be assessed on all infringements since the date of the letters patent. There is no limitation of the recovery to acts committed prior to the Act of June 25, 1910.*

Moreover, the United States was permitted to intervene in the suit and the Attorney General argued in substance that the Patent Statutes did not apply to inventions taken by the United States, that the only relief of a patentee for acts done by the United States, or by contractors for the United States, which would be infringements if committed by other persons, was by suit in the Court of Claims for a reasonable compensation. In considering this argument the Court said (216 Fed. Rep., 758, 759) :

“ The defendant is manufacturing projectiles under a contract with the United States, who have been admitted to intervene in this proceeding. The government is properly concerned only with the fulfillment of that contract.

“ We do not concede the right of the United States to maintain the further positions taken. They go in effect to the length of denying the extension of the patent laws to inventions for which the government may have use. Congress alone, and not the courts, can so limit them. The United States, considered as an individual as well as its citizenship as a whole, is concerned with the policy of stimulating the inventive genius of its people to the limit of their abilities. No real benefit is ever gained by withholding from any one his just rights. The remedies he is given are both legal and equitable. The former is of right ; the latter of grace. The legal remedy is to accord him proper compensation for any use made of his property. This does not deprive the government of the use of any invention which may be demanded by the public needs. It merely accords to the individual just compensation, and this should not be withheld.

“ The writ of injunction is to except from its operation any interference with the performance by the de-

defendant of its contract with the United States and its entering into like further contracts. *The decree for an accounting by the defendant may be made to secure the plaintiff in all its rights. The form of a decree, in accordance herewith, may be submitted."*

It is interesting to note from the foregoing that the Courts can and do, under existing laws, so administer justice as between private parties as fully to protect the Governmental interests.

### **Notes on Petitioner's Brief.**

The Petition states (p. 20) that "if the Government's status is that of an infringer, then, of course, it follows that defendant is open to suit as an infringer." The issue is clear cut. The Petitioner necessarily recognizes that, prior to the Act of 1910, the Government was an infringer when it used a patented invention in the absence of an agreement, expressed or implied, with the patent owner, but the Petitioner assents that, by virtue of that Act, the Government acquired rights analogous to those of a license. Our position is that its status has not been in any way altered by the Act; it is an infringer and wrongdoer now when it commits the same acts that, when committed prior to the Act, made it an infringer. It has merely waived its immunity from suit. Its status was and is that of an infringer.

This seems obvious from the Act itself which provides only for instances in which the Government has acted "without license—or lawful right." The Act does not purport to *authorize* the Government's use of inventions, but provides compensation for what is recognized to be unlawful. And the *decision* of this Court in *Crozier vs. Krupp* recognizes and emphasizes the *unlawful* character of the acts involved in the Government's use of patented inventions (see pages 18-20 *supra*). All that was decided in that case was that an in-

junction could not issue against the Government officer. No injunction is asked in the present case.

The Petitioner, however, rests its whole case on the further remarks of this Court in the opinion of *Crozier vs. Krupp*—remarks which, as specifically stated, were used in a illustrative sense rather than in an attempt to define the legal situation (see pages 20-21, *supra*). They are not applicable to the state of facts here presented.

We do not contend that the Government may not appropriate patented property, as we recognize that such property stands on no higher footing than "an automobile, or a yacht, or real estate, when the needs of the public require the appropriation of such property" (Petitioner's Brief, p. 41). But what we do insist is that it stands on no *lower* footing. When the Government appropriates real estate, by eminent domain, it cannot and does not deny that there *is* some real estate and that it is held under an outstanding, adverse valid title in some one, and that compensation must be paid. But, in the present case, the Petitioner urges in effect, that the Government may take the plaintiffs' invention and deny the title to and validity of the patent (which has been issued by its Patent Office and sustained by its highest appellate court in patent causes) and may, in the end, make no compensation whatever.

Nor is it necessary for our argument to assert that Congress *cannot*, under the Constitution, specify that less than *exclusive* rights shall be granted by a patent, namely, that the Government shall not be subject to the exclusion (see page 49 of Petitioner's brief). Our point is that Congress *has not* done so. Surely, if Congress had intended to do this it would have used words aptly and unqualifiedly expressing that intent, instead of merely waiving the Government's immunity from suit as an infringer, which is obviously all that is provided for in the Act of 1910.

The plaintiff's patent has been held by the Circuit Court of Appeals to be valid and to be infringed by the defendant, a private corporation making its own private profit. It clearly is not entitled to retain that profit. It belongs, under the provisions of Section 4921 of the Revised Statutes, to the plaintiffs and the accounting should proceed to determine the amount of that profit.

Respectfully submitted,

FREDERICK P. FISH,

CHARLES NEAVE,

WILLIAM G. MCKNIGHT,

Of Counsel for respondents.

January, 1918.

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**WILLIAM CRAMP & SONS SHIP & ENGINE BUILD-  
ING COMPANY *v.* INTERNATIONAL CURTIS  
MARINE TURBINE COMPANY ET AL.**

**CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE  
THIRD CIRCUIT.**

No. 393. Argued January 29, 30, 1918.—Decided March 4, 1918.

The Act of June 25, 1910, c. 423, 36 Stat. 851, providing, in part, that when patented inventions are used by the United States without license from the owner, or lawful right, the owner may recover reasonable compensation for such use in the Court of Claims, is not to be construed as automatically conferring a general license on the Government to use such inventions and as thereby authorizing their use at the will of private parties in the manufacture of things to be furnished under contracts between them and the United States.

Where, therefore, a company entered into a contract with the United States to build certain vessels which was based on specifications, submitted or approved by the Navy Department, covering in detail the structure, engines, etc., but which contract expressly provided for protecting the Government against any claims which might arise from the infringement by the contractor of the rights of any patentee; and in constructing the vessels installed therein certain patented engines without the consent of the patent owners; *held*, that the Act of June 25, 1910, *supra*, did not operate to relieve the contractor from liability to account for the damages and profits arising from the infringement.

The purpose of the statute is to give further security to the rights of patentees by permitting suit and recovery of compensation in the Court of Claims in those cases where their inventions are availed of for the benefit of the United States by officials of the Government, in dealing with subjects within the scope of their authority, but under circumstances not justifying the implication of contract with the patentees. Aside from exceptional cases where the authority of the United States to take under eminent domain may be said to be exerted in reliance upon this provision for compensation, the act contemplates the possibility of official error or mistake in the invasion of such rights; it does not contemplate the deliberate and wrongful appropriation of such constitutionally protected property by official authority, much less does it intend that mere contractors with the Government may make such appropriations without compensation, in the work under their contracts, upon the assumption that the United States ultimately will be liable under the statute for the rights so elected to be taken.

*Crozier v. Krupp*, 224 U. S. 290, explained and distinguished.  
238 Fed. Rep. 564, affirmed.

THE case is stated in the opinion.

*Mr. Clifton V. Edwards* and *Mr. Abraham M. Beitler* for petitioner:

*Crozier v. Krupp*, 224 U. S. 290, was not decided upon the basis of *Crozier* being an officer upon salary who derived no pecuniary benefit from the infringement, but with the understanding that that fact became immaterial when Congress passed the Act of June 25, 1910. The transaction was treated as in effect a licensed one; hence

there could be no injunction. The court held, by implication, that there can be no accounting in such a case, for the only theory upon which accounting can be ordered in any patent suit is the theory that defendant is an infringer. If an individual making devices for the Government is not an infringer there is no basis for a decree for either an accounting or an injunction.

If the taking by the Government is under eminent domain, then it follows that the status of the Government is that of a rightful user, in effect a licensee, and the status of the Cramp Company is that of a maker for the licensee, protected by the license. The language of the act makes it applicable to cases where an "invention" is "used," thus not confining it to the mere use of a machine. An invention is used when a machine or composition of matter is either made or used or sold, or when a process is practiced. That the language of the act is broad enough to cover the making of a machine was decided in *Crozier v. Krupp* because in that case the matter in dispute was the making of field guns, by Crozier, and not their use by the Government, and the opinion (p. 306) refers to the purpose of the act being to avoid "interference with the right of the Government to make and use." Even if the statute had employed the word "use" in the narrow sense of use of a machine, that would carry with it the implied right to have the machine made. *Illingworth v. Spaulding*, 43 Fed. Rep. 827, 830; *Woodworth v. Curtis*, 2 Woodb. & M. 524; *Steam Stone-Cutter Co. v. Shortsleeves*, 16 Blatchf. 381; *Porter Needle Co. v. National Needle Co.*, 17 Fed. Rep. 536; *Dunlop Pneumatic Tyre Co., Ltd., v. North British Rubber Co., Ltd.*, British Patent Trade-Mark Cases, vol. 21, p. 161, 173. It is pertinent to note that the above cases expressly recognized the right of the licensee to have the device made for him by others than himself. To the same effect is *Montrose v. Mabie*, 30 Fed. Rep. 234. And the cases above cited expressly state the im-

munity of the maker for the licensee. *Thomson-Houston Co. v. Ohio Brass Co.*, 80 Fed. Rep. 720; *Johnson Railroad Signal Co. v. Union Switch & Signal Co.*, 55 Fed. Rep. 487.

The fact that the defendant may make a profit out of the making was not a violation of the appellee's (plaintiff's) rights, and the plaintiff is not entitled to a profit on the manufacture. The right to such profit passed with the license, irrespective of the individual who might do the work. What is implied in the statute is as much a part of it as what is expressed. *Gelpcke v. Dubuque*, 1 Wall. 220; *Wilson v. Bank*, 103 U. S. 770; *Brooks v. United States*, 39 Ct. Clms. 494.

The vital question in this case is whether defendant's action is non-infringing or infringing in character. It is absurd to confuse this with the question of whether defendant has made a profit. If the Government is not an infringer, defendant is not liable to an infringement suit, whether it made profit or not. If this court, having decided that the Act of 1910 protects Crozier, an officer of the Government, should now decide that it does not protect the Cramp Company, a contractor with the Government, it must be evident that many intermediate cases will constantly be arising as to which the line will have to be drawn again and again.

An examination of previous cases in the Court of Claims, the Circuit Courts of Appeal, and the Supreme Court shows that the operation of the prior statute law resulted in injustice to patentees in depriving them of compensation for the appropriation of their inventions by the Government, its officers, agents, etc., and in annoyance and harassment of the Government and those dealing with it in the resulting attempts to do indirectly that which could not be done directly. The Government was seriously hampered in respect of its enjoyment of necessary inventions, while patentees, if unable to prove a contract, were



often without relief. So far as we can find, in no case prior to the passage of the Act of 1910 was any officer or contractor actually enjoined or compelled to pay personal profits or damages by reason of the infringement of a patent as a necessary incident to government work. At best, the right even against a contractor was challenged and uncertain. Numerous decisions prior to the act, among them *Dashiell v. Grosvenor*, 66 Fed. Rep. 334, had ruled squarely against the right, and this court as late as 1896, in affirming that case, reserved the question. 162 U. S. 425, 434. Numerous cases in the Court of Claims illustrate the Government's extensive use of patents and the difficulties of patentees in getting jurisdiction. And many cases in this and other federal courts show how unsuccessful had been the attempts to obtain injunctive or other relief against officers and contractors. In none of the reported cases is a distinction drawn between an officer and a contractor. Since the right to equitable relief depends upon jurisdiction for the purpose of granting an injunction (*Root v. Railway Co.*, 146 U. S. 210), no one had succeeded in collecting any profits or damages from either.

The act meets the situation by writing what is in effect a license agreement between the Government and the patentee. It gives an additional remedy to the patentee—a substantial remedy; it provides that he shall recover compensation, whereas before he could not do so. An object of equal importance was to insure that the Government should be free and uninterrupted in its use of patented inventions. As the Government must always act through its officers and agents, and has customarily carried on a large part of its work through contractors, it is obvious that duly authorized use by these instrumentalities without interference was contemplated by the act. There would have been no object for the Government to pay for the use of an invention, if that payment did not cover the

whole transaction and protect those carrying on the work for the Government.

License agreements may expressly reserve the right to the licensee to contest validity. In the present instance it is as if the Government took a license under such valid patents as it uses. Of course, an express license to use the valid patents of the licensor would not bar the licensee from showing that a particular patent asserted by the licensor was invalid. Under the Constitution, Congress can give inventors an exclusive right, or it can give them no right at all; we submit that the reasonable view is that it can confer some right intermediate between these extremes.

The views of the House Committee are inadmissible; but the report also shows an intention to give the Government the right to appropriate inventions.

When the Government bound itself and the Cramp Company by the execution and delivery of the contracts, the appropriation was made. Those contracts referred to certain plans, specifications and drawings for the turbines. It is not necessary to an appropriation under the right of eminent domain that it should be primarily and explicitly directed to the object taken. If the act is no protection to a contractor following government specifications, then it follows that any patent owner may enjoin contractors from using their patents in following those specifications—an unthinkable result in these times. A final decree of compensation against the United States would be an adjudication that the Government was a wrongdoer in making use of the patented invention, and it would be the duty (at least the moral duty) of the executive branch to cease such wrongdoing.

*Mr. Frederick P. Fish*, with whom *Mr. Charles Neave* and *Mr. William G. McKnight* were on the brief, for respondents, went minutely into the construction of the statute

and distinguished *Crozier v. Krupp*, 224 U. S. 290. Of that case it was said, in part: The court did not decide that the rights and remedies of the patent owner as against private individuals making a private profit have been in any way altered by the act, but merely that suits based on infringement by a government officer acting solely in his public capacity and for the public benefit, can no longer be brought against that officer. The Government, by the Act of 1910, has assumed responsibility for his wrong. That is, the wrongful act of the officer is committed by the authority of the Government, and it ceases to be wrongful so far as the officer is concerned; the Government assumes responsibility and, by virtue of the Act of 1910, recognizes its liability. We do not understand that this court held that the Government's wrong became a right by the Act of 1910, though "in substance," as the court says, it is in the position which, as between individuals, would be the equivalent of that of a licensee in that its appropriation of a patented invention cannot be stopped. It is in this sense, and this sense only, that we understand the court's reference to eminent domain and to the "appropriation of a license." Those expressions are used only when considering the situation "in substance"—"looking at the substance of things"—"the substantial result of the statute." They are illustrative, rather than descriptive, of the legal situation. The Government had, and has, a right to make use of patented inventions, and of any other private property, in the sense that it has the power to do so, and cannot be prevented from exercising that power, as it has never consented to any limitation thereon. Here the defendant, a private corporation, has made a personal profit from its infringement of the plaintiff's patent rights. The plaintiff now seeks to recover from it—not from the Government—that personal profit unlawfully obtained. No such situation was presented in *Crozier v. Krupp*.

MR. CHIEF JUSTICE WHITE delivered the opinion of the court.

The history of this suit from its commencement up to the development of the controversy now before us, will be shown by an examination of the decided cases referred to in the margin.<sup>1</sup> We shall therefore not recur to that which has gone before but confine our statement to the things essential to an understanding of the phase of the issue which we must now decide.

Under proposals submitted by the Navy Department the petitioner, the Cramp Company, in 1908 contracted to build two torpedo boat destroyers, Nos. 30 and 31, and in 1911 further contracted to build four such boats, Nos. 47, 48, 49 and 50. The specifications submitted by the department as to structure, engines, etc., were comprehensively detailed and the contracts were based either upon the acceptance of such specifications or upon such changes suggested by the contractor as met the approval of the Navy Department. The contracts contained an express provision, which is in the margin,<sup>2</sup> protecting the Govern-

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<sup>1</sup> *International Curtis Marine Turbine Co. v. Wm. Cramp & Sons Co.*, 176 Fed. Rep. 925; *In re Grove*, 180 Fed. Rep. 62; *International Curtis Marine Turbine Co. v. Wm. Cramp & Sons Co.*, 202 Fed. Rep. 932; *Wm. Cramp & Sons Co. v. International Curtis Marine Turbine Co.*, 228 U. S. 645; *International Curtis Marine Turbine Co. v. Wm. Cramp & Sons Co.*, 211 Fed. Rep. 124; *Wm. Cramp & Sons Co. v. International Curtis Marine Turbine Co.*, 234 U. S. 755.

<sup>2</sup> "PATENTS. The party of the first part, in consideration of the premises, hereby covenants and agrees to hold and save the United States harmless from and against all and every demand or demands of any nature or kind for or on account of the adoption of any plan, model, design or suggestion, or for or on account of the use of any patented invention, article, or appliance that has been or may be adopted or used in or about the construction of said vessel, or any part thereof, under this contract, and to protect and discharge the Government from all liability on account thereof, or on account of the use thereof,

ment against any claims which might arise from the infringement by the contractor of the rights of any patentee, if any such rights there were.

The Turbine Companies filed their bill against the Cramp Company to recover damages and profits accruing from the infringement of certain patents on turbine engines which the Cramp Company had placed in the boats built under the contract of 1908. Ultimately this claim of infringement was upheld by the Circuit Court of Appeals for the Third Circuit. 211 Fed. Rep. 124. On the hearing which then ensued before a master as to damages and profits, the Turbine Companies urged their claim and tendered their proof concerning the same, covering the four destroyers, Nos. 47, 48, 49 and 50, built under the contract of 1911, upon the ground of an infringement like that which had been committed as to the boats built under the contract of 1908. *Rubber Co. v. Goodyear*, 9 Wall. 800. The inquiry was objected to on the ground of its irrelevancy because liability for infringement under the contract of 1911 was to be tested by a different rule from that which was applicable to the boats contracted for in 1908 in consequence of the applicability to the 1911 contracts of the Act of Congress of June 25, 1910, c. 423, 36 Stat. 851. Under that law, it was insisted, "the United States, by act of eminent domain, acquired a license to use the invention of all existing patents, and, therefore, the transactions under the contracts for torpedo boat destroyers Nos. 47, 48, 49 and 50, being merely the building of devices for a licensee under the patent in suit, were licensed transactions and not infringing transactions, and consequently are not within the scope of this accounting." The master overruled the objection but thereafter on request certified the subject to

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by proper releases from patentees, and by bond if required, or otherwise, and to the satisfaction of the Secretary of the Navy."

the District Court where his ruling was held to be wrong on its merits and reversed. On a rehearing the court sustained the view which it had previously taken of the subject by a reference to a decision of the Circuit Court of Appeals for the Second Circuit (*Marconi Wireless Telegraph Co. v. Simon*, 227 Fed. Rep. 906; 231 Fed. Rep. 1021). 232 Fed. Rep. 166. Application was then made to the Circuit Court of Appeals by certiorari to review this ruling and by mandamus to compel the master to proceed with the hearing in accordance with the claims of the Turbine Companies. Finding that the ruling in the *Marconi Case* was pending in this court for review, the Court of Appeals postponed deciding the issue of statutory construction to await the decision of this court, but directed the accounting to proceed as to both classes of contracts in such a manner as to enable the authoritative ruling on the statute when made by this court to be applied without confusion or delay. 238 Fed. Rep. 564. The writ of certiorari on which the case is now before us was then allowed and this and the *Marconi Case* referred to by the court below were argued and submitted upon the same day.

The single question is, did the provisions of the Act of 1910 operate without more to confer upon the United States a license to use the patents of the Turbine Companies; and if so, was the Cramp Company as a contractor authorized to avail itself of the license by using the patent rights of the Turbine Companies without their consent? Avowedly on the very face of the act its purpose was not to weaken the rights of patentees, but to further secure them. This results not only from the title of the law (An Act to provide additional protection for owners of patents of the United States, and for other purposes), but further from the report of the committee of the House of Representatives where the act originated which stated that such was the purpose intended to be accomplished

by the act. (House Report No. 1288, 61st Cong., 2d sess.) The conflict between the purpose thus intended and the construction now claimed for the act is evident unless it can be said that to confer by anticipation upon the United States, by a law universally and automatically operating, a license to use every patent right is a means of giving effect to a provision of a statute avowedly intended for the further securing and protecting of such patent rights.

But passing deducing the meaning of the act from its title and the report of the committee by which it was drafted, it is apparent that the significance which the contention affixes to it is directly in conflict with the text (which is in the margin <sup>1</sup>), since that text expressly declares that the object of the act is to secure compensation for patentees whose rights have been "used by the United States without license"—the very antithesis of a right by license to use all patents which is the purpose attrib-

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<sup>1</sup> "An Act To provide additional protection for owners of patents of the United States, and for other purposes.

*"Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled, That whenever an invention described in and covered by a patent of the United States shall hereafter be used by the United States without license of the owner thereof or lawful right to use the same, such owner may recover reasonable compensation for such use by suit in the Court of Claims: Provided, however, That said Court of Claims shall not entertain a suit or reward (sic) compensation under the provisions of this Act where the claim for compensation is based on the use by the United States of any article heretofore owned, leased, used by, or in the possession of the United States: Provided further, That in any such suit the United States may avail itself of any and all defenses, general or special, which might be pleaded by a defendant in an action for infringement, as set forth in Title Sixty of the Revised Statutes, or otherwise: And provided further, That the benefits of this Act shall not inure to any patentee, who, when he makes such claim is in the employment or service of the Government of the United States; or the assignee of any such patentee; nor shall this Act apply to any device discovered or invented by such employee during the time of his employment or service."*



uted to the act by the argument. And this is made clearer by considering that the statute itself in directing the proceedings which must be resorted to in order to accomplish its avowed purpose, exacts the judicial ascertainment of conditions which would be wholly negligible and irrelevant upon the assumption that the statute intended to provide in favor of the United States the general license right which the argument attributes to it. This conclusion cannot be escaped when it is considered that if the license, which it is insisted the act in advance created, obtained in favor of the United States, the inquiry into the question of infringement by the United States for which the statute provides would be wholly superfluous and indeed inconsistent with the assumption of the existence of the supposed license.

But let us in addition pass these latter considerations and come not only to demonstrate the error of the construction asserted but to make manifest the true meaning of the statute from a twofold point of view, that is, first, from an analysis of the context of the statute as elucidated by the indisputable principles which at the time of the adoption of the act governed the subjects with which it dealt, and, second, from the consideration of the context and the effect upon it of the ruling in *Crozier v. Krupp*, 224 U. S. 290.

At the time of the enactment of the law of 1910 the following principles were so indisputably established as to need no review of the authorities sustaining them, although the leading cases as to all the propositions are referred to in the margin.<sup>1</sup>

(a) That rights secured under the grant of letters pat-

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<sup>1</sup> *United States v. Palmer*, 128 U. S. 262; *Schillinger v. United States*, 155 U. S. 163; *United States v. Berdan Fire-Arms Mfg. Co.*, 156 U. S. 552; *Belknap v. Schild*, 161 U. S. 10; *Russell v. United States*, 182 U. S. 516; *International Postal Supply Co. v. Bruce*, 194 U. S. 601; *Harley v. United States*, 198 U. S. 229.



ent by the United States were property and protected by the guarantees of the Constitution and not subject therefore to be appropriated even for public use without adequate compensation.

(b) That although the United States was not subject to be sued and therefore could not be impleaded because of an alleged wrongful taking of such rights by one of its officers, nevertheless a person attempting to take such property in disregard of the constitutional guarantees was subject as a wrongdoer to be controlled to the extent necessary to prevent the violation of the Constitution. But it was equally well settled as to patent rights, as was the case with all others, that the right to proceed against an individual, even although an officer, to prevent a violation of the Constitution did not include the right to disregard the Constitution by awarding relief which could not rightfully be granted without impleading the United States, or, what is equivalent thereto, without interfering with the property of the United States possessed or used for the purpose of its governmental functions.

(c) That despite the want of authority to implead the United States, yet where an officer of the United States within the scope of an official authority vested in him to deal with a particular subject, having knowledge of existing patent rights and of their validity, appropriated them for the benefit of the United States by the consent of the owner, express or implied, upon the conception that compensation would be thereafter provided, the owner of the patent right taken under such circumstances might, under the statute law of the United States permitting suits against the United States on contracts express or implied, recover by way of implied contract the compensation which might be rightly exacted because of such taking.

(d) That where an officer of the United States in dealing with a subject within the scope of his authority infringed patent rights by a taking or use of property for

the benefit of the United States without the conditions stated justifying the implication of a contract, however serious might be the infringement or grave to the holder of the rights the consequences of such infringement, the only redress of the owner was against the officer, since no ground for implying a contract and securing compensation from the United States obtained.

Coming to consider the statute in the light of these principles, there would seem to be no room for controversy that the direct and simple provision, "that whenever an invention described in and covered by a patent of the United States shall hereafter be used by the United States without license of the owner thereof or lawful right to use the same, such owner may recover reasonable compensation for such use by suit in the Court of Claims," embraces and was intended alone to provide for the discrepancy resulting from the divergence between the right in one case to sue on an implied contract and the non-existence of a right to sue in another. And this meaning becomes irresistible when the concordance which it produces between the title and the report of the committee is considered on the one hand, and the discord which would arise on the other from reading into the statute the theory of automatic and general license as to every patent which the argument presses. Observe that the right to recover by implied contract as existing prior to 1910 and the right to recover given by that act both rest upon the possession and exertion of official authority, although from the absence of definition in the statute the precise scope of the official power possessed in order to bring the authority into play is not specified but is left to be deduced from the application of general principles. Observe further that, resting thus upon the exercise of official power, it was not assumed before the Act of 1910 or under that act, that the official authority would consciously and intentionally be exerted so as to violate the Constitution

by wrongfully appropriating private property. This follows from a twofold point of view: First, because the basis of the right to sue on implied contract is the fact that official power, recognizing the patent right and the at least implied assent of the owner, had acted in reliance upon the fact that adequate compensation would follow the taking. And second, because, in conferring the right to prove infringement, the Act of 1910 obviously contemplates the possibility of the commission of official error or mistake on that subject and afforded a remedy for its correction and resulting compensation. Thus it is true to say that under both views the theory of universal and automatic appropriation by the United States of a license to use all patent rights is unsupported, since both views assume that official authority would not be wilfully exerted so as to violate the Constitution, and this although it be that the Act of 1910 embraces the exceptional case where, because of some essential governmental exigency or public necessity, the authority of the United States is exerted to take patent rights under eminent domain in reliance upon the provision to recover the adequate compensation which the Act of 1910 affords. And this fundamental characteristic at once exposes the want of foundation for the contention that because the statute made provision for giving effect to acts of official power in taking patent rights under the conditions stated and even when necessary of curing defects in the exertion of such power, therefore it is to be assumed that the statute conferred upon all who contracted with the United States for the performance of work a right to disregard and take without compensation the property of patentees. This must be, since the making of a contract with the United States to perform duties in favor of the United States does not convert the contractor into an official of the United States qualified to represent it and to entail obligations on it which under the terms of the statute can alone rest

upon official action and the discharge of official duty. The making of a contract with the United States and the resulting obligation to perform duties in favor of the United States by necessary implication impose the responsibility of performance in accordance with the law of the land; that is, without disregarding the rights or appropriating the property of others. A contractor with the United States, therefore, is in the very nature of things bound to discharge the obligation of his contract without violating the rights of others, and merely because he contracts with the United States is not vested with the power to take the property of others upon the assumption that as a result of the contract with the United States he enjoys the right to exercise public and governmental powers possessed by the United States.

Nor is there any foundation for the assumption that the ruling in *Crozier v. Krupp*, 224 U. S. 290, is in conflict with these self-evident propositions and by necessary implication sanctions the theory of universal license in favor of the United States as to all patent rights and the asserted resulting authority in contractors with the United States for the purpose of the execution of their contracts to disregard and appropriate all such rights.

Stated as briefly as we possibly can, the case was this: In the arsenals of the United States guns and gun carriages were constructed containing appliances which it was asserted infringed patent rights of the Krupp Company. A bill was filed against Crozier, who was Chief of Ordnance of the United States, to enjoin the alleged violation of the asserted patent rights. Crozier demurred to the amended bill on the ground that the court had no jurisdiction because the suit was one against the United States. The trial court dismissed the bill. The Court of Appeals of the District of Columbia reversed because, although it fully conceded there was no jurisdiction over the United States and no power to interfere with its pub-

lie property or duties, it yet considered that there was jurisdiction to restrain the individual, although an officer, from continuing to take property without compensation in violation of the Constitution. A certiorari was granted. It was stipulated in the cause that the structures complained of had been made in all the arsenals of the United States by Crozier, the Chief of Ordnance, and by the United States, and that the United States had asserted the right, and proposed to continue, to make the guns and gun carriages in the future for its governmental purposes and denied the violation of any patent right. It was also stipulated that the Chief of Ordnance had made no profits and that all claims were waived except the claim of right to a permanent injunction at the termination of the suit to prevent the use of the appliances in the future. And that was the solitary issue which here arose for decision.

It was held that in view of the admission as to the nature and character of the acts done by the United States and further in view of the power of the United States to take under eminent domain the patent rights asserted, the provisions of the statute affording a right of action and compensation were adequate to justify the exercise of such power. In accordance with this ruling it was decided that there was no right to an injunction against the Chief of Ordnance as an individual and the parties if their rights had been infringed were relegated to the compensation provided under the Act of 1910. In reaching this conclusion the statute was critically considered principally for the purpose of determining whether the right to recover compensation which the act afforded was adequate to fulfill the requirements of compensation for rights taken as protected by the Constitution. It is true in the analysis which was made of the statute for this purpose it was said that the consummated result of the Act of 1910 in any particular case was to confer upon the United States a license to use the patent right (p. 305).

But the use of the word "license" affords no room for holding that it was decided that the statute provided for the appropriation by anticipation and automatically of a license to the United States to use the rights of all patentees as to every patent. And clearer yet is it that the use of the word "license" affords no ground for the proposition that the statute invested every person contracting with the United States for the furnishing of material or supplies or for doing works of construction with public powers and transferred to them the assumed license to violate patent rights to the end that they might be relieved of the obligations of their contracts and entail upon the United States unenumerated and undetermined responsibility upon the assumption that the United States would be ultimately liable for the patent rights which the contractors might elect to take. Through abundance of precaution, however, we say that if any support for such contentions be susceptible of being deduced from the use of the word "license" in the passage referred to, then the word must be and it is limited, as pointed out by the context of the opinion and by what we have said in this case, to the nature and character of use which was contemplated by the statute and which is consonant with the execution of its limited though beneficent purpose and not destructive of the same.

Under the view which we have stated it follows that the court below did not err in ordering the accounting under the 1911 contracts to proceed so that the statute when correctly construed might be applied. To the end, therefore, that effect may be given to such accounting as ordered by the court below our decree will be

*The order of the Circuit Court of Appeals to the extent that it directed the accounting to be made on the basis therein stated is affirmed and the decree of the District Court is reversed and the case is remanded to the District Court for further proceedings in conformity with this opinion.*